

Advance Longmont Report 1: Market Assessment



Prepared for the City of Longmont, Colorado
By Avalanche Consulting, Inc.

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Advance Longmont's Steering Committee members include:

Andy Bade, Chairman, Longmont Area Economic Council
Doug Bene, Economic Development Manager, City of Longmont
Dennis Coombs, Mayor, City of Longmont
Dave Humenik, Vice Chairman, Longmont Area Economic Council
Keith Kanemoto, Broker, RE/MAX Traditions
Shawn Lewis, Assistant City Manager, City of Longmont
Kimberlee McKee, Executive Director, Longmont Downtown Development Authority
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Brad Power, Director of Economic Development, City of Longmont
Alex Sammoury, Councilmember, City of Longmont
David Starnes, Redevelopment Manager, City of Longmont
Kathy Weber-Harding, President, Longmont Chamber of Commerce
Jeff Moore, Councilmember, City of Longmont

In addition to the Steering Committee, we thank representatives from **the following organizations who generously gave their time to participate in Advance Longmont interviews and focus groups** to-date:

A Woman's Work	Longmont Community Foundation
Adams Bank	Longmont Council for the Arts
Amgen	Longmont Downtown Development Authority
Blackfox Training Institute	Longmont Entrepreneurial Network
Boulder County	Longmont Housing Authority
CBRE	Longmont Power & Communications

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City of Longmont Councilmembers
City of Longmont
Communications Concepts
CP&M
Digital Globe
GE
Gibraltar Business Appraisals
Guarantee Bank
FirstBank of Longmont
Front Range Community College
Frontier Companies
Holland & Hart
Instant Imprints
Intel Corporation
Intrado
KW 1st Realty
Latino Task Force of Boulder County
Left Hand Brewing
Life Bridge Church
Longmont Area Economic Council
Longmont Association of Realtors
Longmont Chamber of Commerce

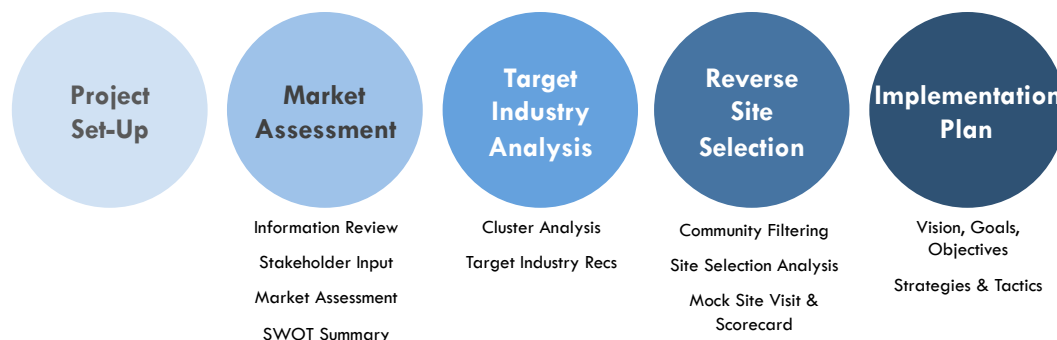
Longmont Senior Center
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RE/MAX
Seagate Technology
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St. Vrain Manufacturing
St. Vrain Valley School District
Sun Construction
Tinker Mill
Vapor Technologies
Visit Longmont
Xcel Energy
Xilinx

About the Project

Advance Longmont is a target industry analysis and economic development strategy that includes four phases of development:

Phase 1: Market Assessment

After initial project set-up, this Market Assessment examines Longmont's current competitive position, assets, and opportunities. This phase includes a review of recent studies and data on the local economy, stakeholder input sessions engaging Longmont's leaders, businesses, and an in-depth analysis of relevant economic and demographic data. The findings of the evaluation are contained in a SWOT assessment that highlights challenges and opportunities presented in the community and an organizational assessment of the city's economic development efforts.



Phase 2: Target Industry Analysis

Building on the research conducted in the Market Assessment, the Target Industry Analysis will evaluate the performance of Longmont's current industry and occupational base as related to national industry trends and site selection needs. This process will help determine appropriate target industry audiences for the city's economic development efforts.

Phase 3: Reverse Site Selection

In Phase 3, the consulting team will conduct an objective Reverse Site Selection assessment of Longmont. This process tests the target industries recommended in Phase 2, evaluating Longmont's competitiveness, and making recommendations on target adjustments and local product improvements.

Phase 4: Implementation Plan

The Implementation Plan for Longmont will articulate Longmont's vision for the future and a clear, step-by-step roadmap for achieving this vision. The Plan will address and align a variety of issues, including recruitment, retention, workforce, physical infrastructure, quality of life, marketing, and more. It will conclude with a timeline, estimated budget, resource requirements, task assignments for lead agencies and partners, and performance measurements.

Introduction

Longmont is uniquely positioned at the intersection of high technology and traditional manufacturing. With deep roots in agriculture, manufacturing and high tech, Longmont has grown as a residential destination with a welcoming nature, vibrant outdoor lifestyle, and a do-it-yourself attitude. The city's publically owned utility offers some of the most affordable and reliable service in the state, and residents recently voted to continue expansion of the public, fiber optic broadband network, a priceless asset for businesses and residents alike. Geographically located between two major research universities, Longmont draws from a broad pool of talent, including manufacturing workers and software engineers. **Longmont offers a joining of affordability, infrastructure, workforce, education, and quality of life that is rare and increasingly sought in the modern economy.**

Longmont is also a city in flux. Last year, just as employment started recovering from the recent recession, one of Longmont's largest primary employers, DigitalGlobe, announced its relocation outside of the city. Weeks later, devastating floods rocked the community, destroying homes and infrastructure. These events add urgency to economic development, but also create an opportunity for the city to revisit its goals and catalyze efforts to more effectively direct growth and redevelopment.

Towards this end, the City of Longmont hired Avalanche Consulting to assist with development of a new, targeted economic development strategy. **This strategy will guide Longmont in recruiting and retaining quality businesses, improving the local business climate, increasing entrepreneurial opportunities, and optimizing the organizational effectiveness of local economic development efforts.**

Titled *Advance Longmont*, the strategy will include four components: a Market Assessment, Target Industry Analysis, Reverse Site Selection evaluation, and an Implementation Plan.

This first report, the **Market Assessment**, is the summation of the initial work by Avalanche. Over the past few months, Avalanche Consulting has conducted an in-depth review of existing literature and information on Longmont, including past studies and assessments. The project team also visited Longmont in December, 2013 and January 2014, meeting with the City and LAEC, the project Steering Committee, and numerous representatives from across the community. Avalanche also conducted focus groups and interviews with more than 90 participants centered on a range of topics related to local economic development. Between trips to Longmont, the team conducted additional phone interviews with relevant representatives.

Avalanche then conducted an in-depth data analysis of relevant economic, demographic, and other datasets, seeking to identify Longmont's unique strengths and challenges. The input provided by stakeholders was combined with the information review and data analysis to provide a comprehensive view of Longmont's competitive position as it relates to economic development.

The following report first presents a summary of findings in SWOT format. Organized by related topics, this summary identifies strengths, challenges, opportunities, and threats seen in Longmont's economy. The SWOT is followed by the detailed Data Assessment, which examines Longmont's competitive position relative to the Front Range, State of Colorado, and US through a number of datasets.

This report will provide the foundation for identifying Longmont target industries in the second report, **Target Industry Analysis**, and eventually development of the full strategy.

Market Assessment – Key Findings from Data Analysis and Public Input

- Longmont's business climate is very competitive within the state, but particularly within Boulder County and the Denver Metro area. Longmont offers highly affordable electric power, low tax rates, high-speed fiber optic broadband, and a skilled workforce.
- Longmont's competitive advantages are often overshadowed by a lack of awareness of strengths (both internal and external) and limited availability of quality office space and other shovel-ready general industrial space (despite relative affordability).
- The welcoming, family-oriented culture in Longmont makes it a highly attractive place to live and raise a family. The city boasts great local schools, numerous outdoor recreational assets, a thriving arts scene, quality healthcare, and relative affordability.
- Limited social activities for youth and young adults may slow attraction of younger college graduates, but this may be partially offset by relative affordability and the growing food culture, including the craft beer community. Investing in more youth-oriented sports, recreation and entertainment is an opportunity.
- Investing in lifestyle amenities that appeal to young professionals, adults without children and empty nesters is also an opportunity. Longmont could be even further positioned as a destination for entrepreneurially minded individuals whose location decisions depend as much on quality of life as they do on business climate.
- Longmont's physical infrastructure and regulatory climate are complemented by a well-educated and skilled workforce, particularly in Software & Information Technology, Research, and Manufacturing occupations. These workforce strengths are supported by effective programs at Front Range Community College and rising successes, particularly in STEM, at St. Vrain Valley School District.
- Longmont's ethnic diversity provides both opportunities and challenges. A young, rapidly growing Latino population offers strong bilingual skills and workforce development potential. However, this demographic currently has overall lower educational attainment, high unemployment, and lower incomes. Bridging that gap and engaging Latino leaders in economic development is an opportunity.
- Longmont is an entrepreneurial and innovative community, with a significant number of residents patenting new products each year, primarily in data storage and bioscience fields. Although there is a large entrepreneurial community and focus on research and development, space and support for entrepreneurs is limited, especially since the Longmont Entrepreneurial Network lost its offices

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last year. There is demand for improved true incubator space, wet and dry lab space for biotech companies, and funky co-working spaces that encourage collaboration among entrepreneurs.

- Redevelopment of existing commercial and industrial properties could open opportunities for new tenants, particularly in Downtown Longmont and the City's Urban Renewal Areas. Downtown could benefit from façade improvements and utilization of second-story office and residential space, continuing the process of reinvigorating the business and social life at the heart of the city. Increased density of businesses also fosters collaboration and entrepreneurship. Flex space for industrial users is currently readily available with high vacancy rates, but general industrial properties are much more limited, particularly relative to growing demand from companies.
- The city has a positive relationship with the Metro Denver EDC that helps build business opportunities. Greater collaboration with the University of Colorado and Boulder may help development as the two cities offer complimentary products.

SWOT Summary

The following section summarizes the Market Assessment, providing an inventory of Longmont's strengths, weaknesses, opportunities, and threats (SWOT). **The SWOT Summary draws from extensive data analysis described in the Data Assessment section of the report, a tour of the city, the project team's economic development expertise, and extensive input from over 90 Longmont representatives who participated in focus groups and interviews.**

The SWOT reveals opportunities for building on Longmont's competitive assets, as well as challenges to effective development and concerns for the future. This understanding of Longmont's competitive position will inform the identification of target industries. Target industry business needs will be matched to Longmont's assets and aspirations. The final strategy will also identify goals and tasks that will build upon existing strengths and address challenges.

The SWOT Summary is organized in five broad categories related to economic development:

- **Business Climate,**
- **Education & Workforce,**
- **Entrepreneurship & Innovation,**
- **Physical Infrastructure,**
- **and Quality of Life.**

Business Climate

Strengths	Challenges
<ul style="list-style-type: none"> • Competitive business environment within the state and county; more affordable than Boulder • Job recovery occurring more quickly than the nation • The City's Economic Gardening Initiative has been highly successful • The overall economy is fairly balanced, with a strong concentration of professional and technical services jobs • Software & IT, Research, and Manufacturing jobs are highly concentrated • Strong relationship with the Metro Denver EDC • Concentration of data storage workforce and companies • Renewed commitment to proactively meet business needs 	<ul style="list-style-type: none"> • Lack of awareness of Longmont's complete set of assets • Misperception that the City hinders development and limits incentives for growth • The City and the LAEC have not always shared the same goals and strategy but are doing so more • Is not perceived as a visitor destination • Limited incentives for businesses that hire entry-level and trade workers • Perception of high development fees although Longmont is competitive with other Front Range cities • Shortage of quality real estate for businesses (entrepreneurial, commercial and industrial)
Opportunities	Threats
<ul style="list-style-type: none"> • Increased coordination of roles and efforts between the City and the LAEC can create a one-stop-shop for economic development and better present a face to the world • The craft breweries and art community could be increasingly marketed as destinations for visitors • The city would benefit from increased internal and external marketing of its identity and where it would like to go • Proximity to oil and gas plays could present opportunities for manufacturing companies • FEMA funding and disaster recovery presents an unique chance to rebuild according to the new vision • Continued outreach to Latino residents and businesses could rapidly build the city's economic base 	<ul style="list-style-type: none"> • Without strong public and private efforts to invest in downtown and other redevelopment areas, it will develop much more slowly • Continued negative and selective reporting from outside the city will control its image, unless the city better tells its own story • If Longmont does not build on its proximity to and relationship with Boulder, it may continue to lose opportunities for recognition and development • New vision and efforts need to be marketed internally to ensure that the community buys-in, particularly the large share of population that does not normally engage with the city • If Longmont does not consider incentivizing and creating jobs at a range of skill and pay levels, many residents will be left out of the benefits of future growth

Education & Workforce

Strengths	Challenges
<ul style="list-style-type: none"> • Highest concentration of storage software engineers in the world • Both college graduates and trade workforce: where technology meets manufacturing • K-12 educational system is very strong and improving, with lots of STEM and tech programs • Front Range Community College is very supportive of the manufacturing industry, with a new machining and molding program for example • Good relationships between educators and local employers • Situated between two major universities; huge talent pool draw; workers come from throughout the region 	<ul style="list-style-type: none"> • Recruiting for software design teams can be difficult • Some employers expressed challenges finding dependable manufacturing workers with appropriate skillsets • Traditionally, a large share of the labor pool relocated from outside the county, particularly in technology positions • Generally lower educational attainment and labor force participation in the Latino community
Opportunities	Threats
<ul style="list-style-type: none"> • New STEM programs at local schools, including partnership with IBM and Innovation Academy, will help build a stronger technology worker pipeline internally • Developing more fun things for young, creative class people to do in town; craft brew industry is helping • A higher education location offering four year degrees would help workforce development, either a university branch or certification at Front Range Community College • Longmont has unique occupational strengths at the intersection of high tech and manufacturing that can be leveraged to recruit companies • Large, bilingual Latino community provides multicultural workforce for range of industries 	<ul style="list-style-type: none"> • School enrollment is growing rapidly and will require strong public and private support to stay successful • High unemployment, low incomes, and low educational attainment among Latino residents threaten the ability of city to retain and attract strong employers in the future and indicates more efforts must be made to reach out to the Latino community to include them in educational and business opportunities • Shrinking unemployment levels could threaten workforce availability

Entrepreneurship & Innovation

Strengths	Challenges
<ul style="list-style-type: none"> • University of Colorado and Colorado State University are right down the road producing research and commercialization • Strong business climate and support resources for entrepreneurs • The fiber network is an incredible asset for small, particularly technology, startups • Longmont has been involved with startups since the 1980s with the first Boulder Technology Incubator • The City of Longmont's Economic Gardening Initiative • The region has a high concentration of self-employed residents and entrepreneurs • Longmont has a remarkably high concentration of patent inventors for a non-university town 	<ul style="list-style-type: none"> • Currently have limited relationships with the University of Colorado or Colorado State University • Longmont Entrepreneurial Network does not have a physical incubator space • Limited facilities for start-up companies • Lack of amenities in the city that would appeal to young professionals and entrepreneurially-minded talent
Opportunities	Threats
<ul style="list-style-type: none"> • Proximity to the University of Colorado and Colorado State University could be better leveraged to support partnerships, research programs, and startups • Finding a new physical incubator space for the Longmont Entrepreneurial Network as well as creating co-working spaces • The opportunities for entrepreneurs in Longmont could be better marketed; "Nobody knows about Longmont and all the assets that are here" • Development of wet and dry lab space, particularly for biotech companies would help startups 	<ul style="list-style-type: none"> • If Longmont's reputation for startups continues to be poor, entrepreneurs will not learn about the tremendous opportunities here • The city should place entrepreneurship as a pillar alongside small businesses and primary employers, or startups and entrepreneurs may continue to feel left out • The lack of a true incubator space that provides offices, advice, collaboration, and other resources to small business discourages startup development in Longmont

Physical Infrastructure

Strengths	Challenges
<ul style="list-style-type: none"> • City-owned fiber optic broadband network is a unique competitive asset, and the recently approved plans for expansion will position Longmont well for high-tech business • Longmont Airport • Low real estate and operational costs • Longmont Power & Communication offers some of the lowest power rates in the state and region • Redundant power sources • High quality water; great for food and beverage manufacturing 	<ul style="list-style-type: none"> • Severe destruction from the 2013 floods; homes, bridges, and greenway destroyed; the river is now flowing in a different path • Boulder County Fairgrounds are dated infrastructure and need upgrades • Losing a lot of corporate airport traffic to Jeffco in Broomfield • The lack of direct interstate freeway access is a concern, but more a perception than business impediment • Predominantly one type of commercial real estate product • High quality Class A Office space is nearly nonexistent • High availability of flex space but limited modern general industrial product for today's industrial users • Few public incentives to help with retrofitting of buildings • Perception of limited parking downtown may deter shoppers
Opportunities	Threats
<ul style="list-style-type: none"> • The City has reorganized the priority system for capital improvement projects and has an opportunity to rebuild with financial assistance from FEMA and the state • With a new FBO (Fixed Base Operator) and plans for a new terminal, Longmont Airport is set for a new period of potential growth • The former turkey plant and sugar beet plant site both represent significant redevelopment opportunities to support community goals and objectives • A new events center could help the city host bigger events and bring in more tourists • Development of beautification incentives and grant programs could help improve the attractiveness of downtown 	<ul style="list-style-type: none"> • Office, industrial, and flex properties need to be improved to modern standards and more constructed, or the city may continue to miss opportunities to recruit and retain companies • Continued high vacancy in flex industrial spaces • The City's comprehensive plan needs to be updated to ensure that physical development of Longmont matches the current desires and needs of residents and businesses • If connectivity to I-25 is not improved, many businesses may continue to skip over Longmont due to a perception of poor transportation access • Limited public transportation options to Boulder, Denver, and other Front Range cities via RTD will add to traffic congestion as residents choose to drive

Quality of Life

Strengths	Challenges
<ul style="list-style-type: none"> • Warm and welcoming community; family-oriented • Active lifestyle: lots of cycling, hiking, dogs, and parks; hosts one of two skydiving drop zones in the state; great recreation center and senior center • Historic downtown and entertainment district: two theaters, opera house, art galleries, restaurants, and special events • Home to two national craft brewers; on Colorado Beer Trail • The city has a substantial arts community: dance academy, music schools, Longmont Artist Guild, Council for the Arts, Old Firehouse Arts Center, museum, symphony, concerts, and more • Longmont United Hospital and access to healthcare • Longmont is one of the more affordable cities in the region 	<ul style="list-style-type: none"> • Limited social activities for children and young adults • Diversity of housing stock • Limited retail offerings lead to residents shopping outside of town • Low homeownership and high poverty among Latino population • Destruction of the greenway removes a major recreational asset from the city • Lack of cohesive neighborhood identities and cultural centers limits sense of place
Opportunities	Threats
<ul style="list-style-type: none"> • Local food and beverage culture is growing and with the breweries enhances the local quality of life and draws visitors to town • The historic downtown is well positioned for redevelopment, creating a better destination for residents and visitors • Once completed, the mall redevelopment will present an attractive entryway to town and could be a foundation for improved retail offerings • Development of a unique visitor experience, particular to Longmont, including shopping, arts, and events • Redevelopment and upgrading of the greenway could increase its usage by residents and host outdoor recreational events 	<ul style="list-style-type: none"> • If retail offerings continue to be limited, Longmont will lose sales tax dollars to neighboring communities • Rising poverty levels are a concern and can be addressed through targeting industries with jobs at all levels including reaching out to the Latino population, which has more than double poverty levels for both adults and children • Identified need to create a collaborative forum to bring together disparate groups around Longmont and create a more unified identity focused on positive quality of life and business assets

Data Assessment

The final section of the Market Assessment presents a detailed analysis of data on Longmont's competitive economic development position. Most of the data presented is publically available and represent the kinds of analysis that businesses may perform on a community when considering expanding or relocating their operations.

Each page discusses what the dataset measures and why it is relevant to economic development. Avalanche then summarizes Longmont's competitive position relative to benchmarked regions and presents the data in text and charts. Whenever possible, data was gathered for the City of Longmont, but at times, only Boulder County data was available as noted.

The Data Assessment is organized in five broad categories related to economic development:

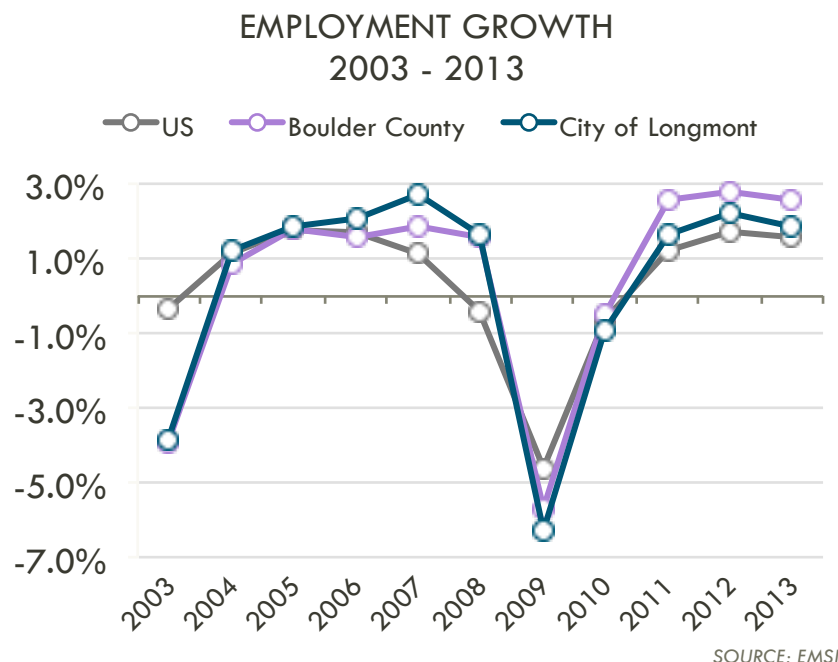
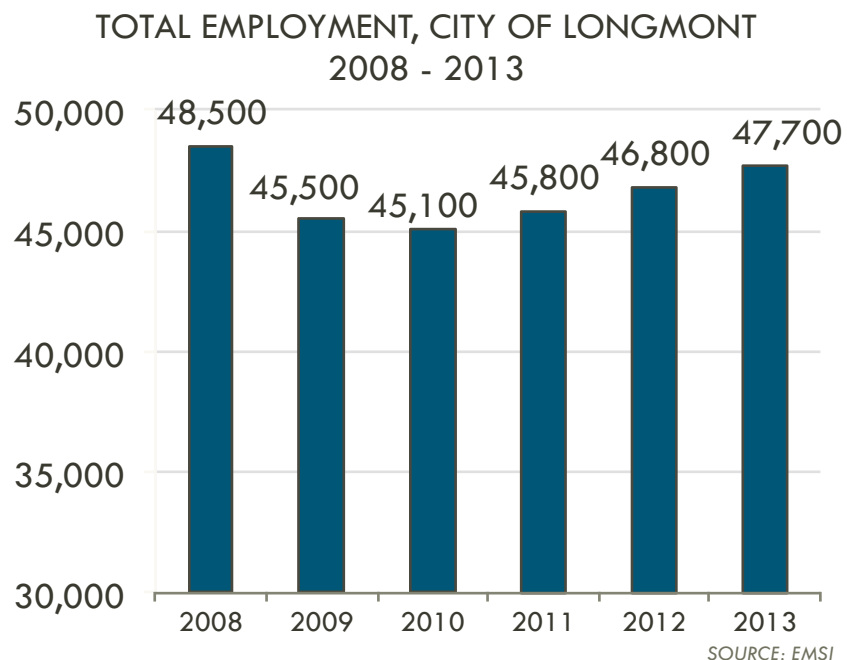
- **Economic Base,**
- **Workforce,**
- **Business Climate,**
- **Entrepreneurship & Innovation,**
- **Physical Infrastructure,**
- **and Quality of Life.**

Economic Base

Companies desire to be in communities with healthy economies. Steady job creation during times of national economic prosperity and the ability to recover from recessions are both signs of a stable and diverse business environment.

Longmont created jobs rapidly during the economic boom of the 2000s and entered the economic recovery more rapidly than the national average following the recession. Both Longmont and Boulder County were hit more severely than average by the Dot Com Bust in 2002, but demonstrated their resiliency with higher than average job growth in the mid 2000s. Jobs in the city grew at an average annual rate of 1.9% from 2003 to 2008.

The City of Longmont was again hit by the recent recession, losing over 3,000 jobs between 2008 and 2010, but the recovery has been exceeded national averages. Since 2010, Longmont has created over 2,500 jobs, bringing employment nearly back to pre-recession levels.

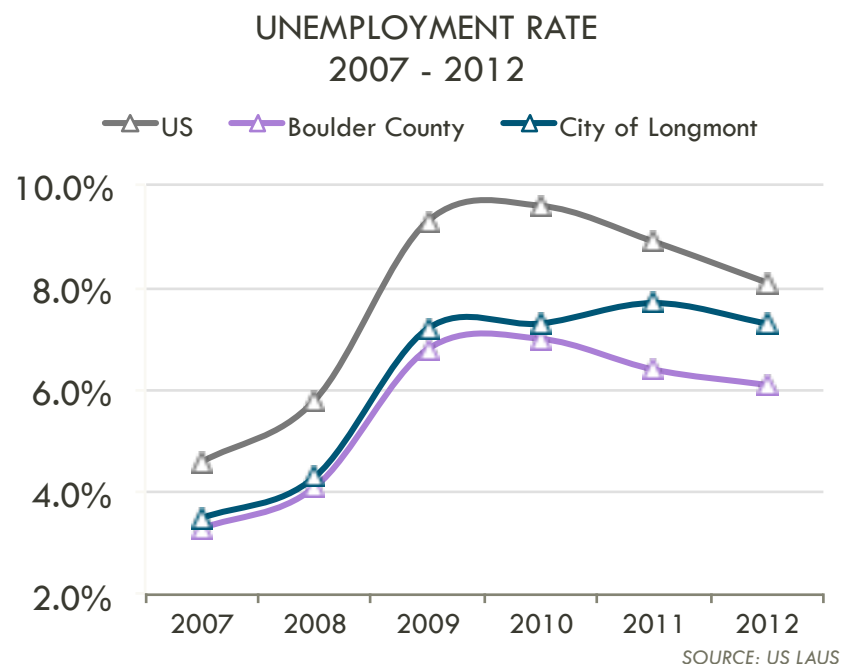
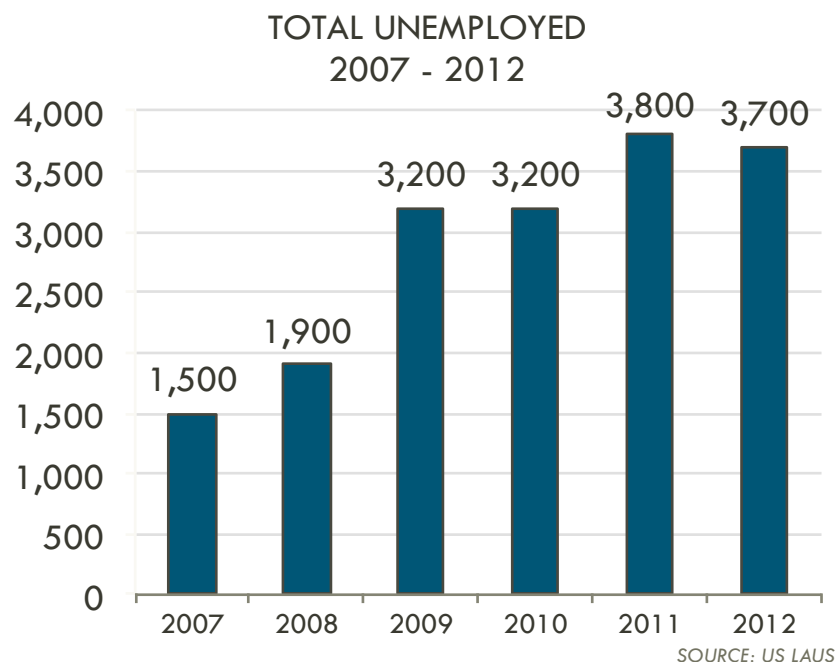


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Like employment growth, unemployment rates demonstrate the resiliency of a local economy, reflecting its ability to absorb job losses and rebound. Persistently high unemployment can indicate structural concerns about a community. Conversely, very low unemployment rates may indicate that a local economy has a talent shortage and can be a different cause for concern.

Unemployment in Longmont jumped in 2009 after the national recession hit, but remained consistently well below the national average and began a steady decline in 2011. Tellingly, although Longmont lost over 3,000 jobs between 2008 and 2010, the number of unemployed only rose by 1,300. This indicates that many those laid off were able to find new jobs or temporarily get by without registering for unemployment benefits.

The annual unemployment rate in Longmont peaked in 2011 at 7.7%, below the US rate (8.9%) but above Boulder County (6.4%). Since 2011, the unemployment rate in Longmont has mirrored Boulder County and dropped fairly consistently, falling to 5.5% in October of 2013.



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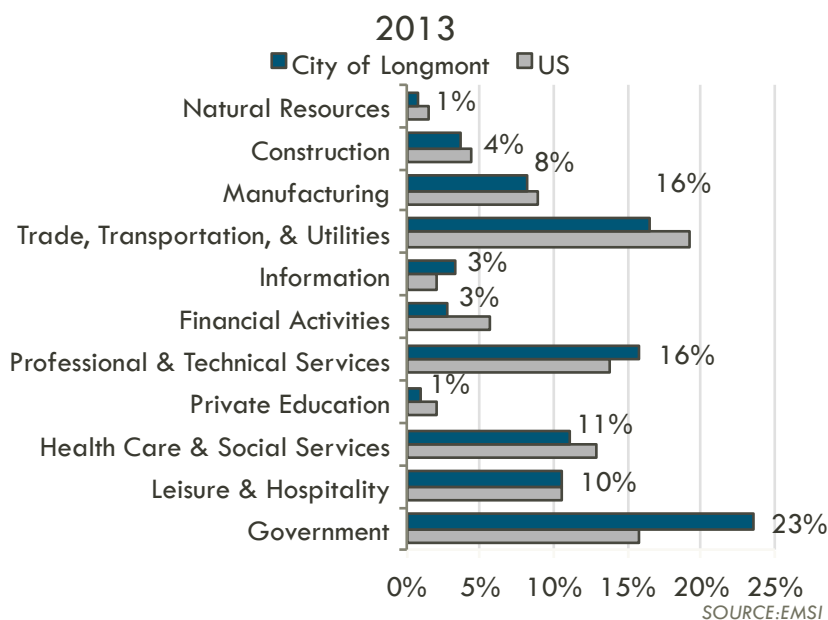
The most competitive local economies are diverse. They contain a broad variety of businesses that help protect from shocks created by changes in a specific industry and offer a range of employment options to residents. **Longmont has a balanced economy, with similar shares of employment in each industry to the national averages.** Many industries grew through the recent recession, despite losses in some, such as Construction and Manufacturing.

The largest industries in Longmont are Government (23% and 11,200 jobs); Trade, Transportation, & Utilities (16% and 7,900 jobs); and Professional & Technical Services (16% and 7,500 jobs). Local top employers in Government and Professional & Technical Services include the St. Vrain Valley Schools, City of Longmont, Intrado, Measured Progress, and Wiland Direct.

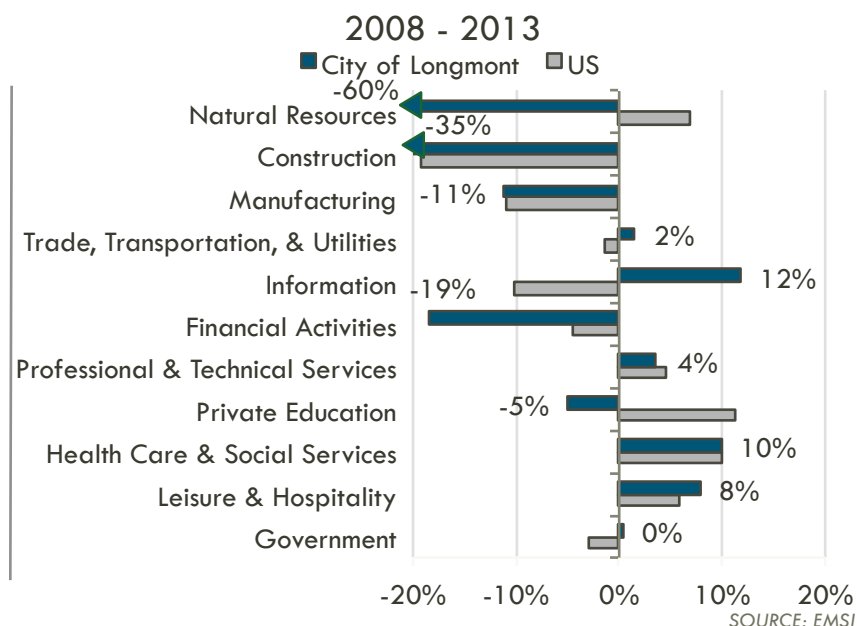
Both Government and Professional & Technical Services make up a larger share of the Longmont economy than national averages. Trade, Transportation, & Utilities makes up a slightly lower than average share. The only other higher than average industry is Information, with 3% of all jobs, totally 1,600. Trade, Transportation, & Utilities includes Xcel Energy, and all retail operations. Information generally includes cable and other telecom operators.

Manufacturing, one of Longmont's most significant industries, makes up 8% of the local economy with nearly 4,000 jobs, includes firms such as Seagate Technology, Amgen, GE Energy, Xilinx and Western Digital. Like the US, Manufacturing in Longmont lost jobs in 2008, but saw a return to positive growth over the past four years, creating 329 jobs from 2009 to 2013.

SHARE OF EMPLOYMENT BY INDUSTRY



EMPLOYMENT GROWTH BY INDUSTRY



Over the past five years, total employment in Longmont declined 2%. However, nearly half of local industries grew over this period. The fastest growing industry in Longmont from 2008 to 2013 was Information, which grew 12% compared to a 19% decline nationally, followed by Health Care & Social Services (10% growth in both Longmont and the US) and Leisure & Hospitality (8% growth vs. 6% nationally). The industries with the greatest percentage job losses were Natural Resources (-60% vs. 7%), Construction (-35% vs. -19%), and Financial Activities (-19% vs. -4%). Over the past three years, while total job growth has returned to positive, Natural Resources, Construction, Financial Activities, and Government continue to lose jobs in Longmont.

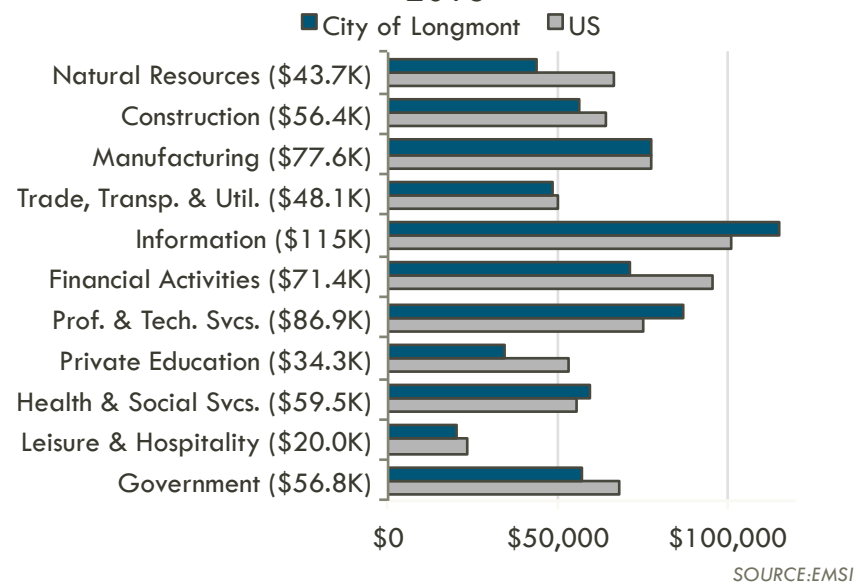
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Wages are another factor considered by companies interested in relocating or expanding. High local wages make it easier for companies to attract talented workers and have multiplier effects across the economy. But high wages can also indicate that a local community has a high cost of living, which can offset the benefit of additional earnings. In some industries, higher than average prevalent wages can also significantly raise costs for a company and make it challenging to maintain operations in a community.

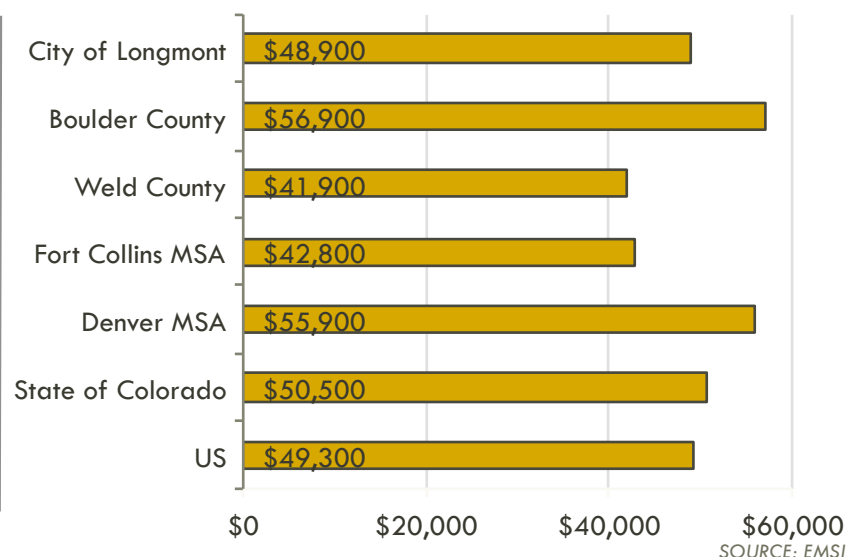
Overall, average earnings in Longmont are comparable to the US average but lower than State of Colorado, Boulder County, and the Denver MSA. This makes Longmont a competitive location for companies interested in locating in Colorado. With an overall average wage of \$48,900, the City of Longmont is just below the national average of \$49,300 and well below the State of Colorado (\$50,500), Boulder County (\$56,900), and the Denver MSA (\$55,900).

The industries that pay the highest average wages in Longmont are Information (\$115,000 annually), Professional & Technical Services (\$86,900), and Manufacturing (\$77,600). All three of these industries pay wages in Longmont higher than the national average, making them more competitive locations for attracting skilled workers.

AVERAGE EARNINGS BY INDUSTRY
2013



AVERAGE WAGES
2013



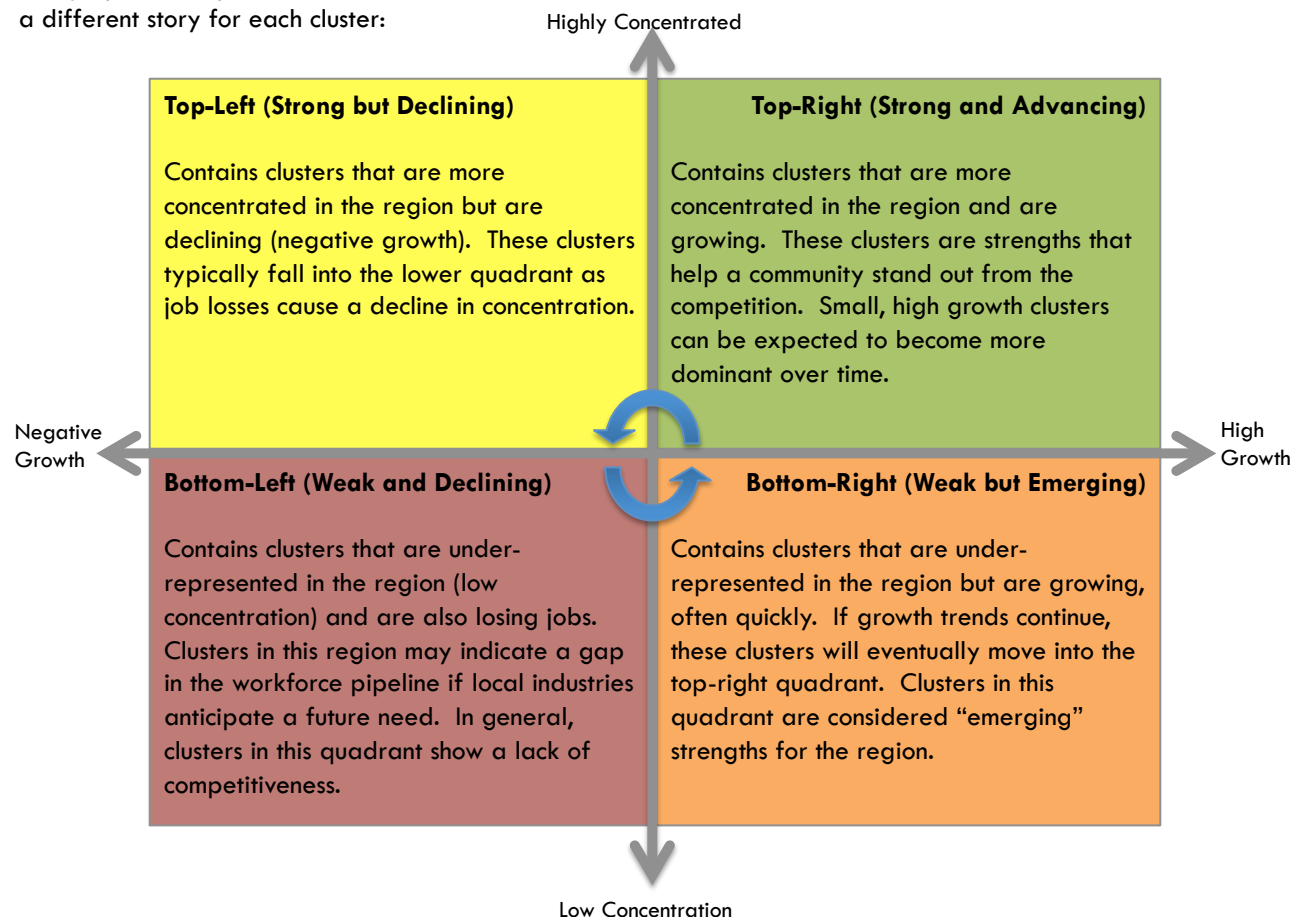
Industry Cluster Analysis

Location Quotients (LQs) compare the relative concentration of an industry in a local economy with the average concentration seen at the national level. An LQ of 1.5 indicates that the local economy has 50% more jobs per capita in that industry than witnessed at the national level. An LQ of 1.0 indicates parity, and an LQ below 1.0 indicates a below-average concentration. The chart on the following page shows LQ by industry on the vertical axis. The horizontal axis shows the 5-year job growth for the industry and the size of the bubble indicates the total number of jobs in the industry.

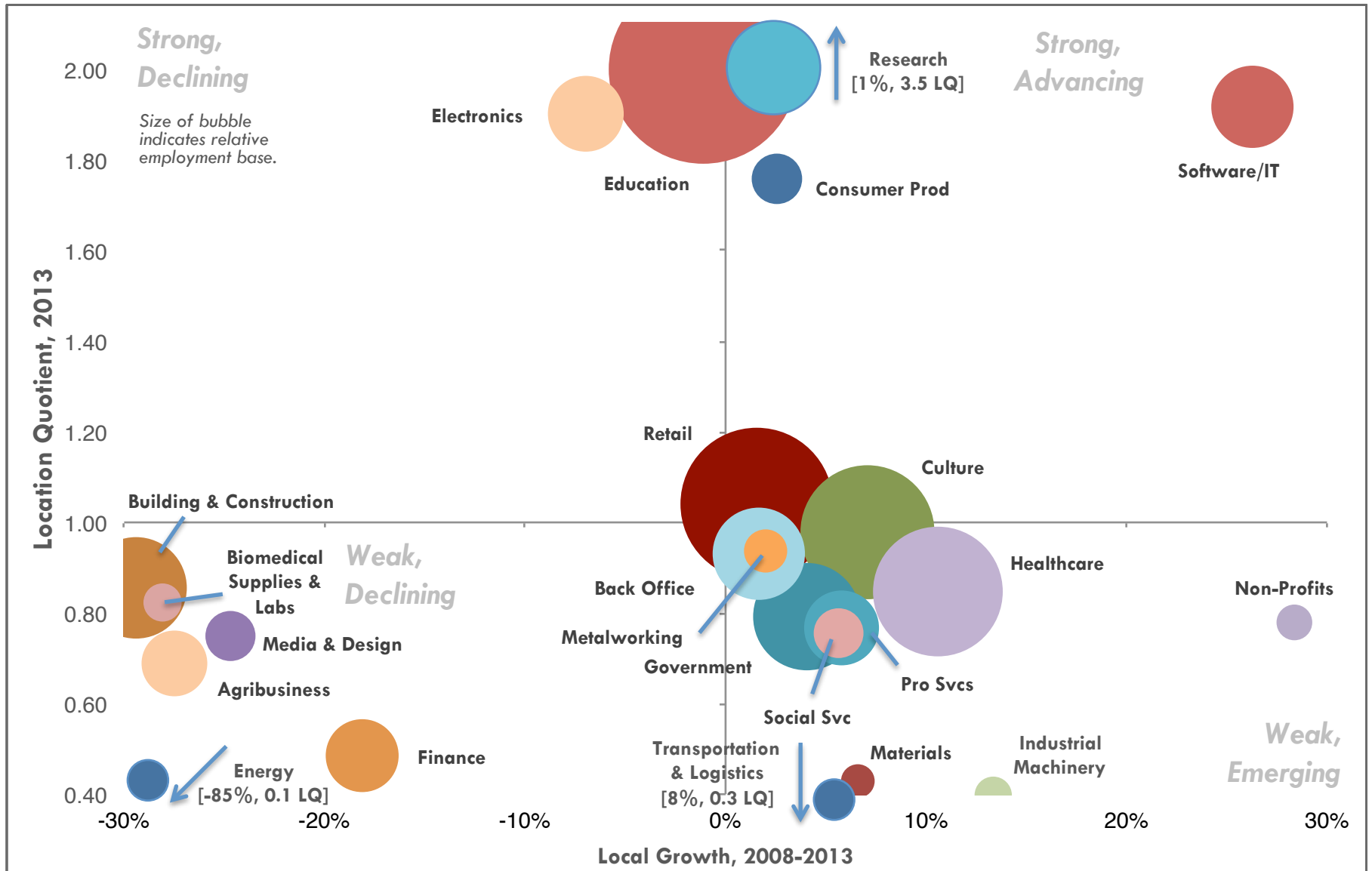
The graph's quadrants each tell a different story. Sectors in the top-right quadrant are competitive and should be priorities for talent development and infrastructure enhancements. Sectors in the bottom-right (which are growing, but have below-average concentrations) are emerging sectors for the region. These typically benefit from entrepreneurial assistance, focused business retention programs, and new workforce training programs.

(The chart on the following page displays these variables for a variety of industry clusters identified by Avalanche Consulting. These clusters are slightly different from the primary industry categories used by the US Government and discussed on previous pages. These attempt to group related industry subsectors based on their interrelated products, clients, and industry needs. They are further detailed in a table in two pages.)

The graph's four quadrants each tell a different story for each cluster:



Industry Clusters: City of Longmont, Colorado



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Strong & Advancing (those industries in the upper-right quadrant) and Weak & Emerging (industries in the lower-right quadrant) lend themselves to being targets for economic development.

The primary Strong & Advancing industries in Longmont are **Software/IT** (1.9 LQ; 26% growth), **Research** (3.5 LQ; 1% growth), and **Consumer Product Manufacturing** (1.8 LQ; 3% growth). These industries are also highly concentrated in the Longmont Region comprised of Boulder and Weld Counties.

The primary Emerging industries in Longmont are **Industrial Machinery** (0.4 LQ; 13% growth), **Healthcare** (0.8 LQ; 11% growth), **Culture & Entertainment** (1.0 LQ; 7% growth), **Materials** (0.4 LQ; 7% growth), and **Professional Services** (0.8 LQ; 6% growth). These industry clusters are all less concentrated than the national average but growing rapidly, indicating that they will become more concentrated with time and assistance.

Weak & Declining industries that raise some alarms and may require assistance include **Biomedical Supplies & Labs** (0.8 LQ; -28% growth), **Agribusiness & Food** (0.7 LQ; -27% growth), **Media & Design** (0.7 LQ; -25% growth), and **Finance** (0.5 LQ; -18% growth). Some declining industries such as Building & Construction will naturally rebound as the economy recovers.

Longmont Industry Cluster Trends

Industry Cluster	Jobs, 2013	Location Quotient, 2013		Job Growth, 2008 - 2013	
		Longmont	Boulder & Weld Cty.s.	Longmont	US
Aerospace	0	0.0	0.1	-50%	-3%
Agribusiness & Food	1,091	0.7	1.7	-27%	1%
Automotive	87	0.2	0.3	4%	-8%
Back Office	2,150	0.9	0.7	2%	5%
Biomedical Supplies & Labs	367	0.8	1.3	-28%	-1%
Building & Construction	2,600	0.9	1.0	-29%	-17%
Consumer Product Mftg	642	1.8	1.1	3%	-17%
Culture & Entertainment	4,534	1.0	1.0	7%	6%
Education	9,024	2.0	1.2	-1%	0%
Electronics	1,451	1.9	2.2	-7%	-6%
Energy	374	0.1	2.0	-85%	7%
Finance	1,342	0.5	0.7	-18%	-3%
Government	2,912	0.8	0.8	4%	-3%
Healthcare	4,247	0.8	0.8	11%	9%
Industrial Machinery	351	0.4	0.9	13%	-5%
Logging & Mining	58	0.7	0.7	-61%	-8%
Materials	286	0.4	0.5	7%	-12%
Media & Design	633	0.7	1.1	-25%	-16%
Metalworking	471	0.9	0.7	2%	-9%
Non-Profits	322	0.8	0.7	28%	-2%
Professional Services	1,415	0.8	1.1	6%	1%
Research	2,066	3.5	2.4	1%	12%
Retail	5,875	1.0	0.9	2%	-1%
Shipbuilding	0	0.0	0.0	-	-15%
Social Services (Private)	625	0.8	0.8	6%	12%
Software / Info. Tech.	1,708	1.9	2.4	26%	5%
Transportation & Logistics	475	0.3	0.5	8%	-2%
Total	47,706	-	-	-2%	-1%

Source: Avalanche & EMSI

Note: The **Energy** sector includes only private sector companies focused on electric power generation; oil, gas, and coal extraction; oil and gas distribution; and other pipeline

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transportation. Related operations such as oil and gas component manufacturing, photovoltaic cell manufacturing, wind turbine manufacturing, and supportive research activities are not included in the Energy sector, because they are included in other clusters that more closely match their day-to-day operations such as Industrial Machinery, Metalworking, Materials, and Research.

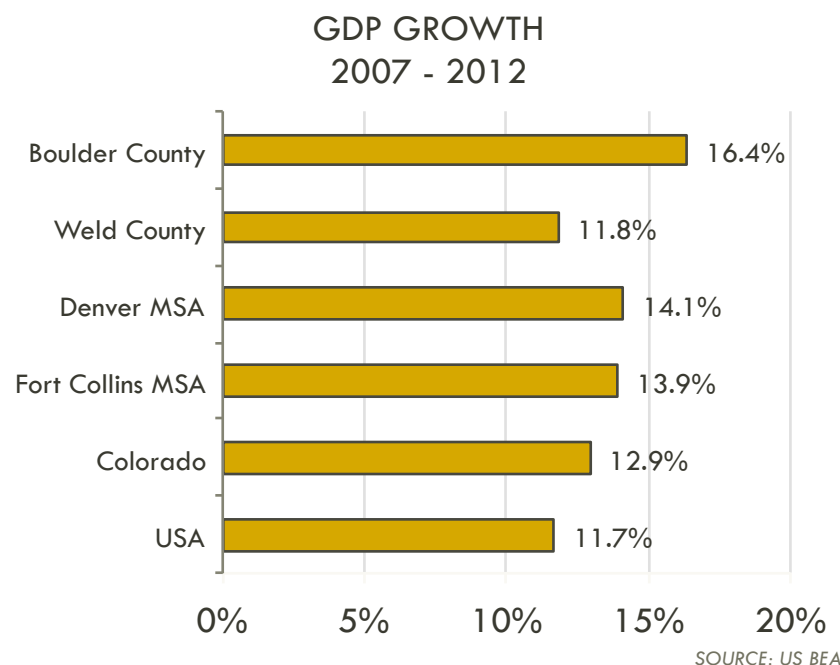
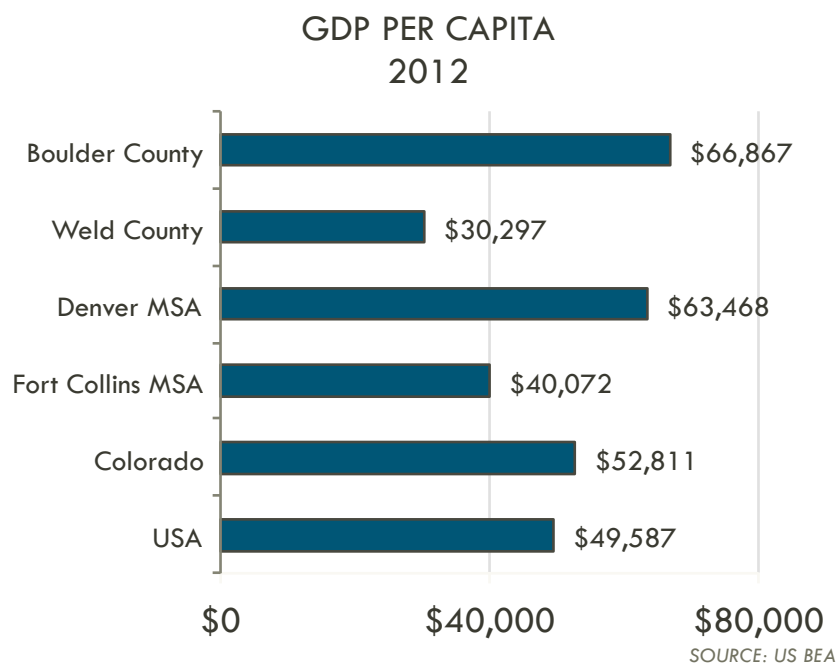
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Gross Domestic Product (GDP) measures the value of the goods and services produced locally and of the overall productivity of a community. A high GDP per capita reflects that the community has a higher than average productivity per worker.

GDP data is only available at the county level, so this analysis examines Boulder County overall instead of just the City of Longmont.

Boulder County has higher GDP per capita than any benchmarked communities, and the local GDP is also growing more quickly, increasing this high productivity with time. With a GDP per capita of \$66,900, Boulder County is well above the US average (\$49,600), the State of Colorado (\$52,800), the Denver MSA (\$63,500), and the Fort Collins MSA (\$40,100). This strong local GDP comes from a number of factors, including the significant research activities centers on the University of Colorado and private companies throughout the county, the number of manufacturing firms in Longmont and the rest of the county, and the high concentration of professional services firms locally.

The Boulder County GDP is also growing more quickly than benchmarks, with 16% growth from 2007 to 2012, compared to 12% nationally, 13% in the State of Colorado, and 14% in the Denver MSA.



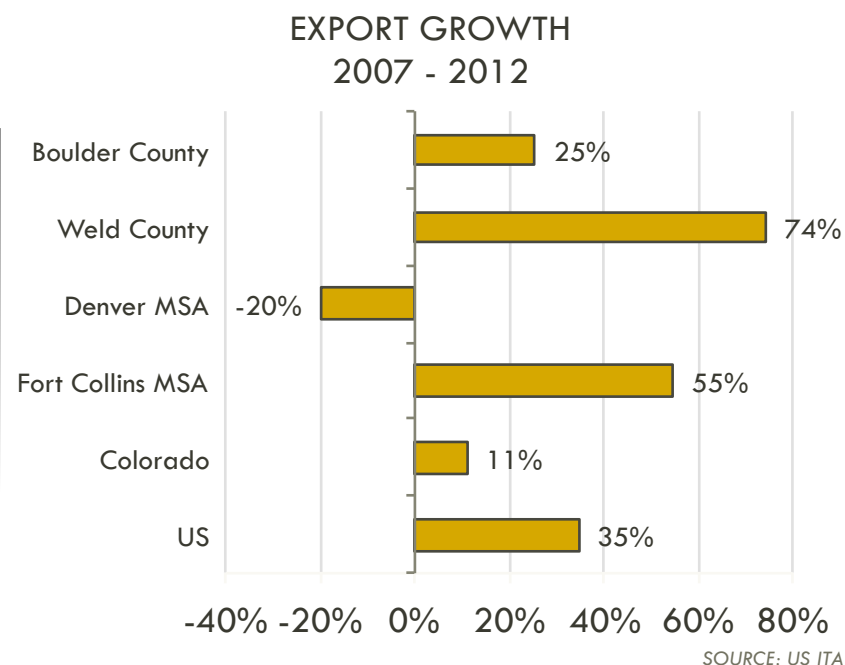
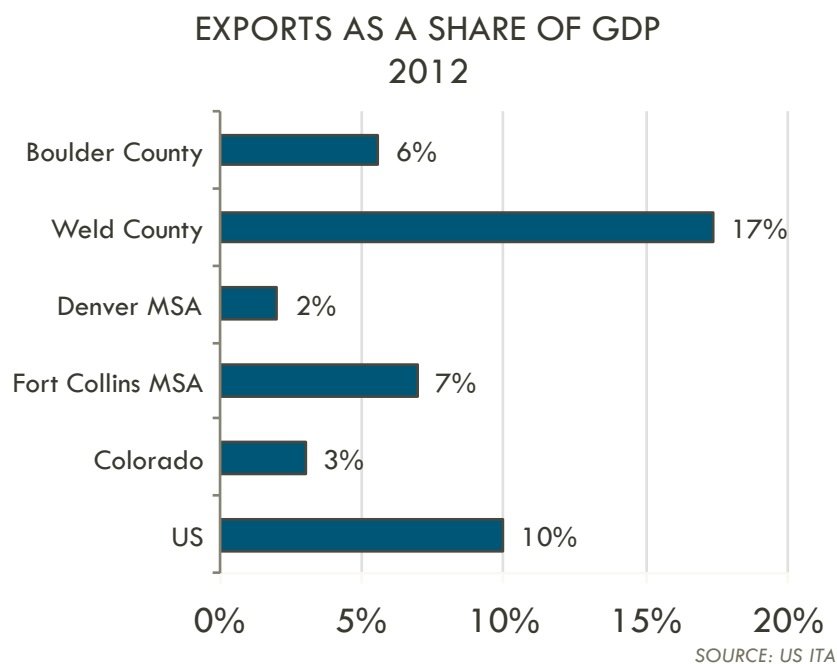
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Exports, whether goods or services, bring significant value to a community by drawing outside dollars into the local economy. Export-driven communities tend to add significant value to the goods and services they produce and are attractive places to locate and grow businesses.

Export data is only available for goods and at the county level, so the data below, while revealing, is not available for the City of Longmont. It also only measures goods and does not reflect the significant value of education provided in Boulder County, which is considered an export, since the education services are sold to non-residents (college students), bringing money into the community.

Boulder County is a strong exporter, with exports making up a higher share of the economy than Colorado and Denver averages. Exports comprise 6% of the GDP in Boulder County, compared to 10% nationally, 3% in the State of Colorado, and 2% in the Denver MSA. Weld County has a very high number of exports, comprising 17% of the county's GDP.

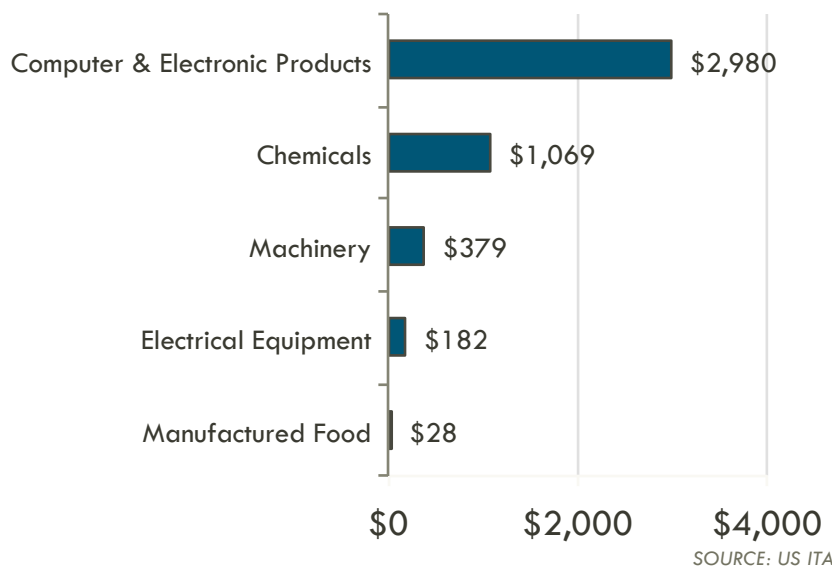
Exports are also growing the most quickly in Weld County among benchmarks, while Boulder County is slightly below the national average. From 2007 to 2012, exports grew 25% in Boulder County, compared to 74% in Weld County, 35% nationally, 11% in the State of Colorado, and a 20% decline in the Denver MSA.



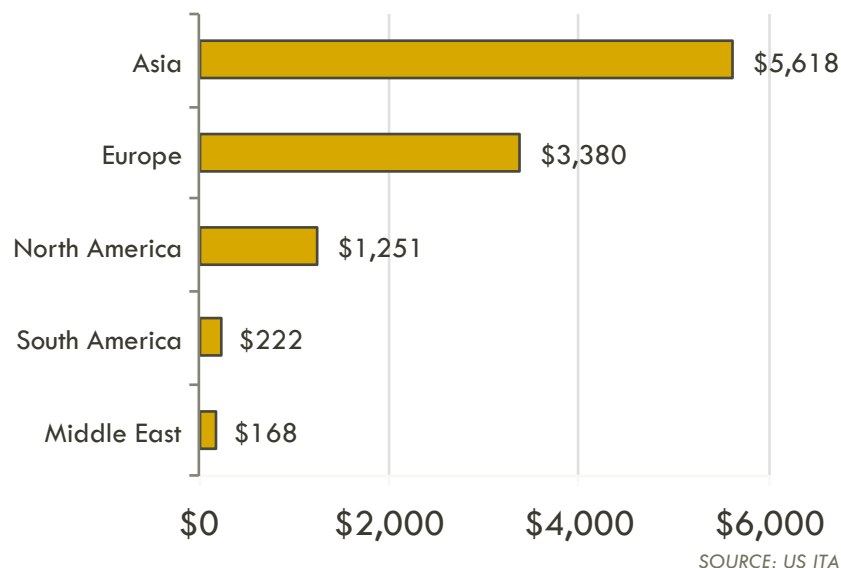
Boulder County's greatest exports are in Computer & Electronic Products and other Machinery and Electrical Equipment, reflecting the incredibly strong advantages for manufacturing and technology in the local economy. From 2007 to 2012, Boulder County exported nearly \$3 billion in Computer & Electronic Products, followed by Chemicals (\$1 billion), Machinery (\$379 million), Electrical Equipment (\$182 million), and Manufactured Food (\$28 million). These goods include many products manufactured in Longmont, such as data storage devices.

Boulder County exports the largest share of its goods to Asia, followed by Europe and North America. **The high concentration of overseas exports indicates that Boulder County competitive transportation and logistical connectivity to allow the distribution of goods.** From 2007 to 2012, Boulder exported \$5.6 billion in goods to Asia, followed by Europe (\$3.4 billion), North America (\$1.3 billion), South America (\$222 million), and the Middle East (\$168 million).

TOP BOULDER COUNTY EXPORT CATEGORIES
2007 – 2012 (\$ millions)



TOP BOULDER COUNTY EXPORT DESTINATIONS
2007 - 2012



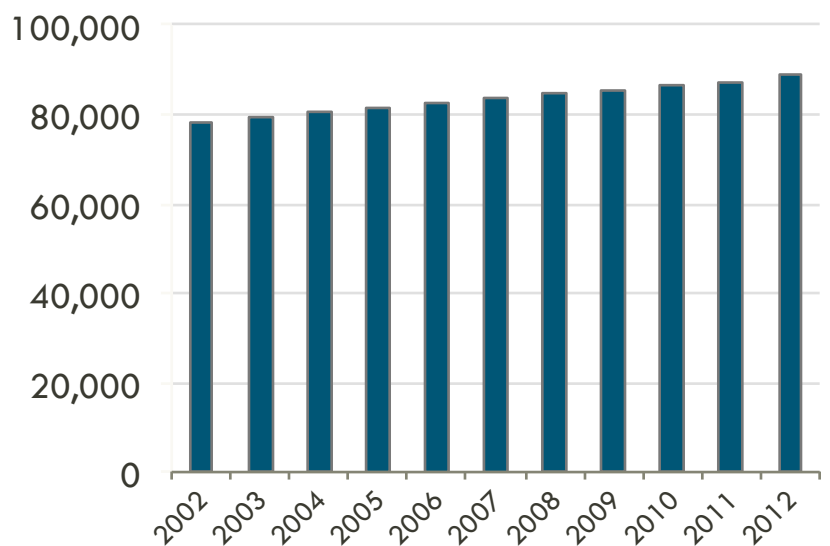
Workforce

Access to talent is a top site selection requirement. Communities successful in growing and attracting companies tend to also have strong population growth, which demonstrates the desirability of the location, the presence of jobs, and the availability of housing. High population growth can also raise concerns, with rapid growth driving up housing costs and tightening the competition for jobs.

The population of Longmont grew steadily over the past decade, on par with the State of Colorado and outpacing Boulder County. This indicates that Longmont continues to be a destination for migrants, both residents and businesses. From 2002 to 2012, Longmont's population grew at an average annual rate of 1.3%, reaching a total population of 88,700 in 2012. This growth rate was just below the Colorado rate of 1.4% but nearly double the Boulder County rate of 0.7% and national rate of 0.9%.

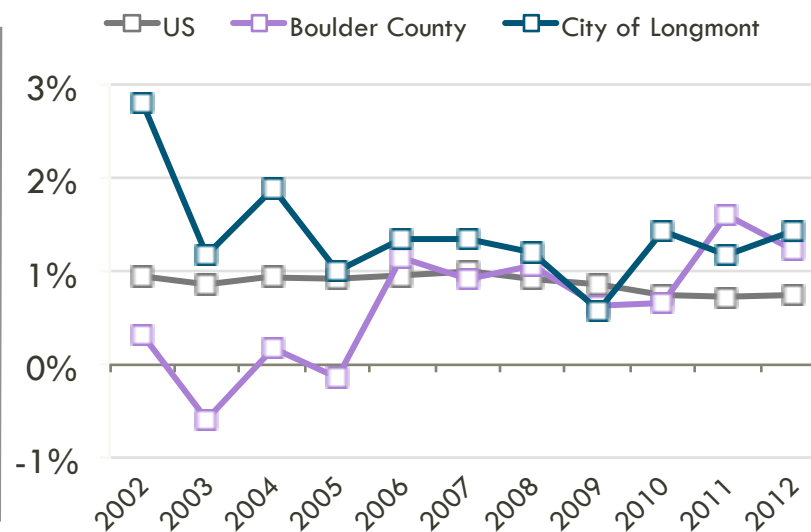
Notably, growth was higher in the early 2000s and lowest during the recession. Population growth has steadily picked up since 2009.

TOTAL POPULATION, CITY OF LONGMONT
2002 - 2012



SOURCE: US Census Bureau & CO Dept. of Local Affairs

ANNUAL POPULATION GROWTH
2002 - 2012



SOURCE: US Census Bureau & CO Dept. of Local Affairs

ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

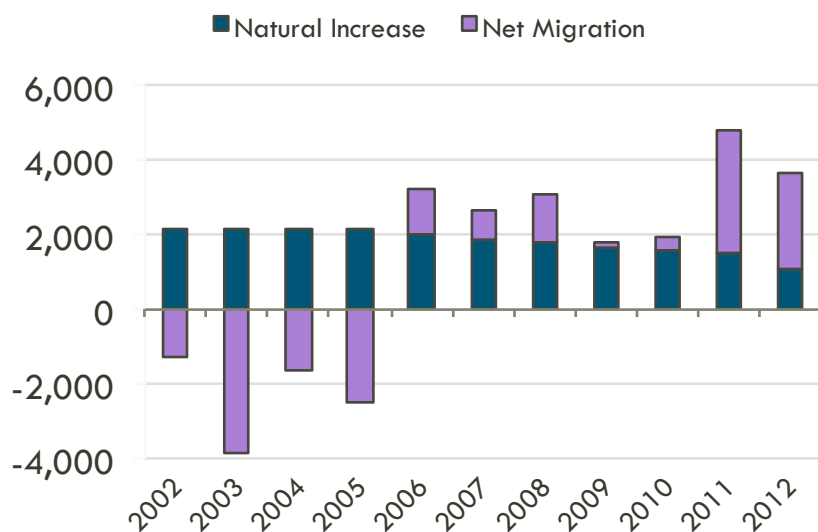
Migration into and out of a community is the primary factor influencing population growth. Generally, locations with positive migration have stronger economies than those that are losing residents.

Migration data is only available at the county level but provides some insight into where people are moving from and to in Boulder County. This data generally does not include all college students, because many undergrads maintain their permanent residency at their parent's home.

Boulder County had net negative migration briefly following the Dot Com Bust, reflected in population losses during some of those years, but Longmont had much higher growth those years, indicating the city likely continued to be a positive destination for migrants. Migration went down nationally during the recession as many individuals and families deferred moving until finding employment, and net migration was near zero in Boulder County during 2009 and 2010.

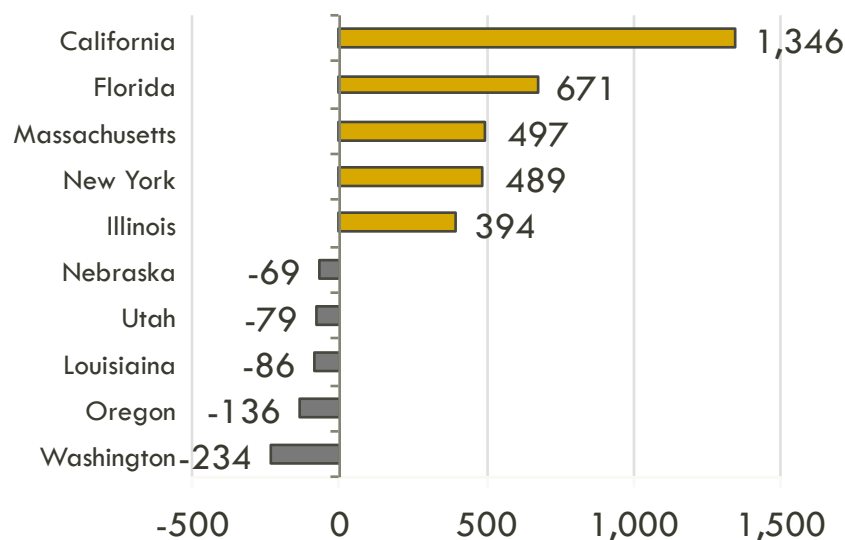
According to IRS data, from 2006 to 2010, outside of Colorado, the top sources of migrants to Boulder County were California (1,400 net new residents), Florida (670), Massachusetts (500), New York (490), and Illinois (390). The top destinations for migrants leaving Boulder County were Washington (230 net lost residents), Oregon (140), Louisiana (86), Utah (79), and Nebraska (69).

COMPONENTS OF POPULATION CHANGE
BOULDER COUNTY, 2002 - 2012



SOURCE: CO Dept. of Local Affairs

TOP 5 SOURCES & DESTINATIONS OF MIGRANTS
2006 - 2010

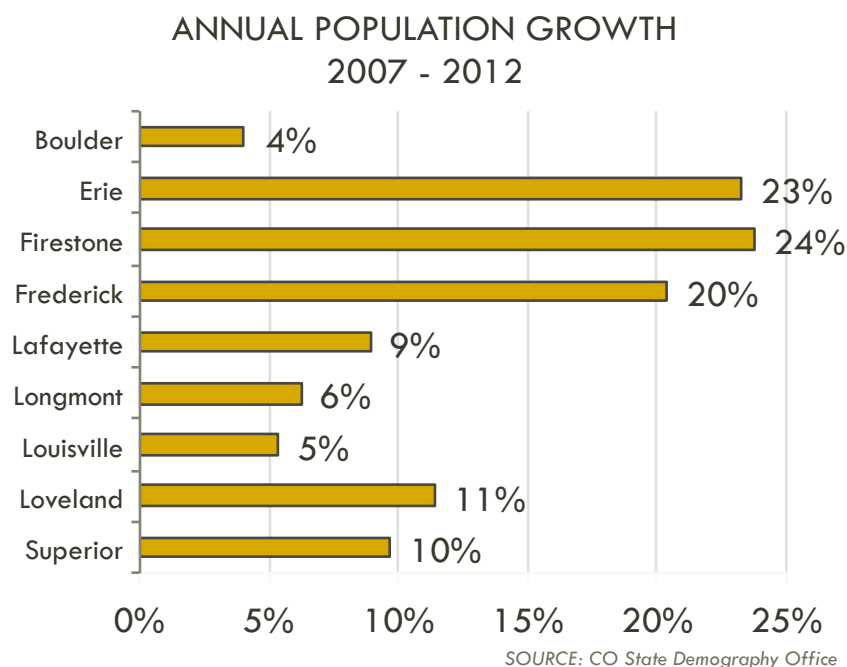
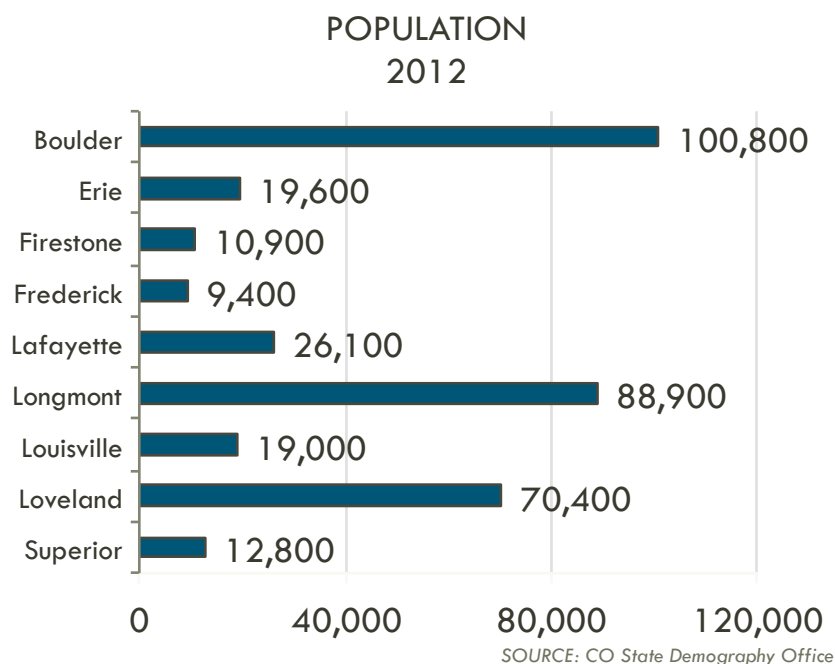


SOURCE: US IRS

Longmont is one of the biggest cities in the region, but over the past five years, growth in the city has been slower than many of the surrounding smaller communities.

From 2007 to 2012, the City of Longmont population grew 6%, the same rate as Boulder County (6% growth) but slower than many smaller surrounding cities, including Firestone (25%), Erie (23%), and Frederick (20%).

This trend may indicate that neighboring cities are offering more housing options and more affordable rates, encouraging many families and individuals to live outside of the City of Longmont, even if they may work in the city.

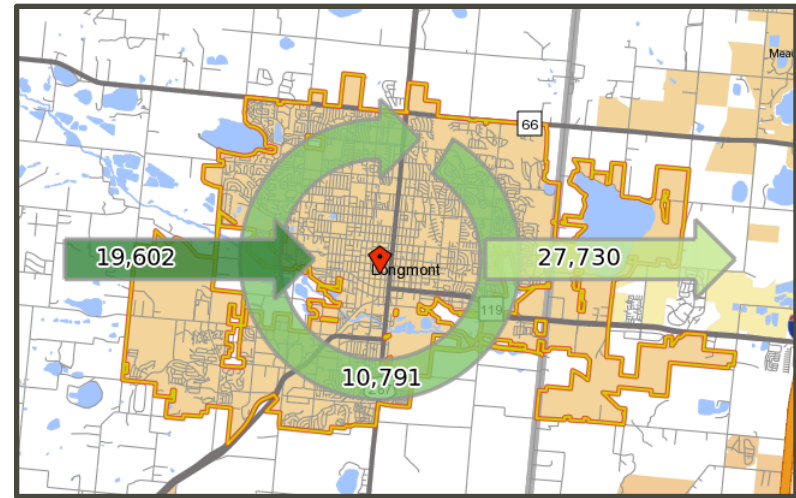


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Most cities both draw workers from residences outside the city limits and also send their residents beyond the community to work. The balance of these commute patterns helps understand the true labor force available to businesses. They also help infrastructure planning, revealing some of the most commonly traveled commute routes.

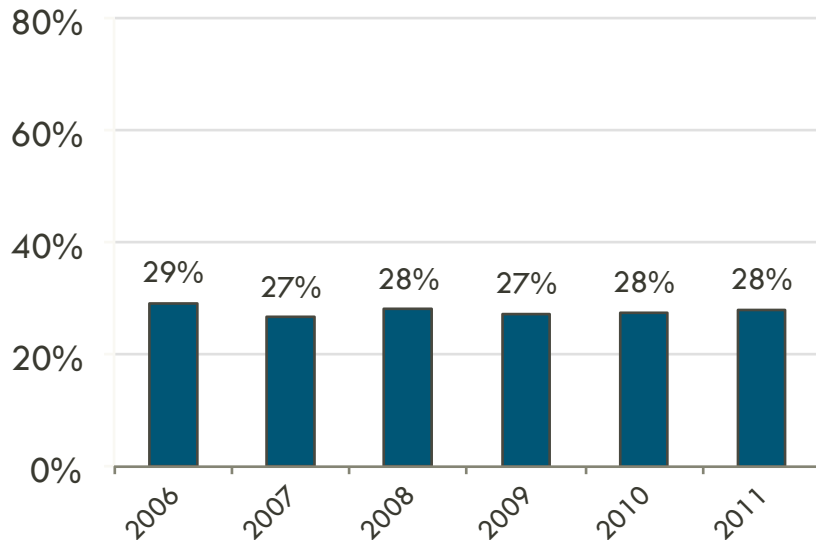
Longmont's economy is intimately connected with the surrounding region. A majority of residents work outside of the city and a majority of jobs are filled by workers who live outside of the city. In total, Longmont is a net exporter of workers, with 19,600 entering each day for work, and 27,700 residents leaving for jobs outside the city.

From 2006 to 2011, an average of 28 % of working residents hold jobs in the City of Longmont. The remaining 72% of employed



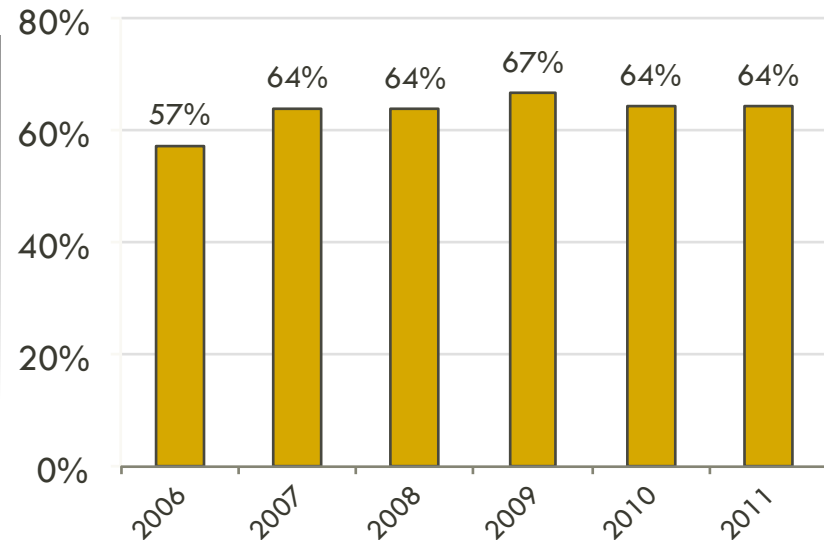
Longmont Commute Totals - LEHD

% OF RESIDENTS WORKING IN LONGMONT
2006 - 2011



SOURCE: US Census Bureau, LEHD

% OF JOBS FILLED BY NON-RESIDENTS
2006 - 2011



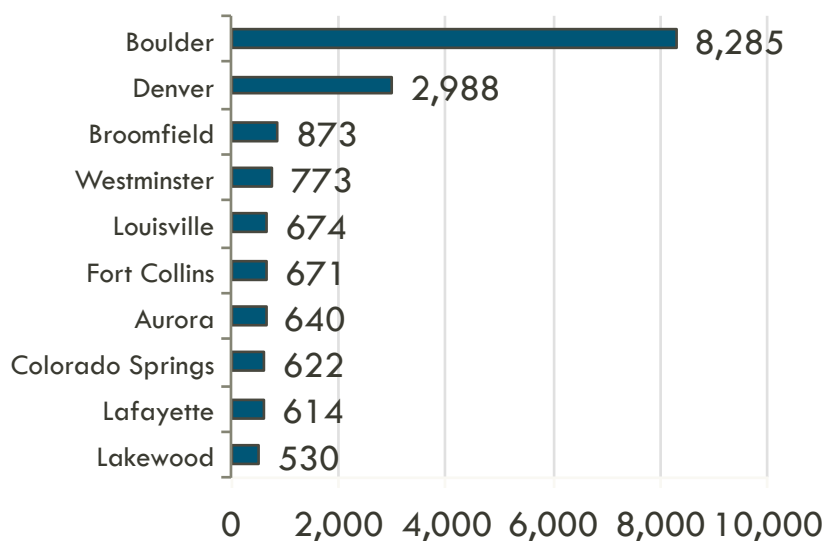
SOURCE: US Census Bureau, LEHD

residents commute outside of the city for work each day. Conversely, an average of 63% of jobs in the City of Longmont are filled by non-residents. These commute patterns have remained fairly consistent in recent years, showing few shifts in the geographically arrangement of jobs and residences.

The vast majority of commuting Longmont residents work in Boulder and Denver, while local workers come from all across the Front Range. In 2011, 27,700 residents of Longmont commuted to jobs outside the city, with 8,300 (30%) working in Boulder and another 3,000 (11%) in Denver. The remaining destination cities for commuting residents are spread across the Front Range.

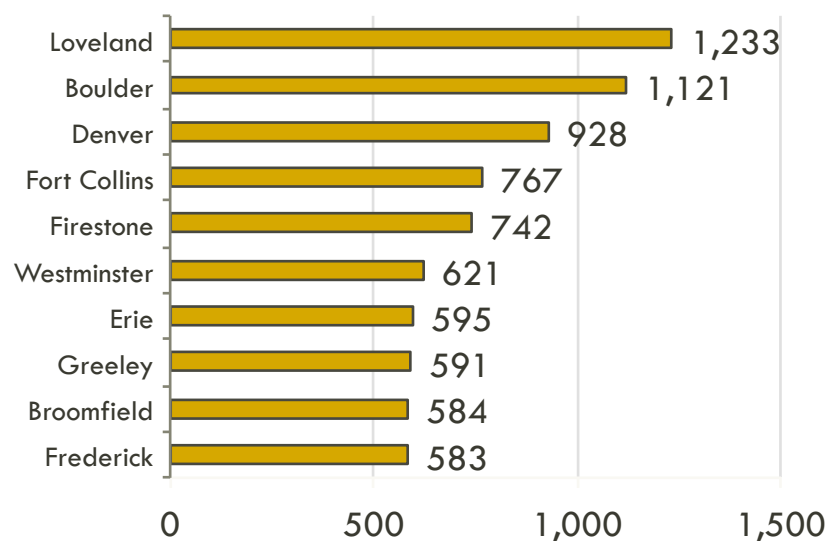
Of the 19,600 workers commuting into Longmont each day, 1,200 (6%) come from Loveland, 1,100 (6%) from Boulder, and 930 (5%) from Denver. Like out-commuters, the remaining worker source cities are spread across the region.

TOP 10 DESTINATIONS OF COMMUTING RESIDENTS
2011



SOURCE: US Census Bureau

TOP 10 SOURCES OF COMMUTING WORKERS
2011

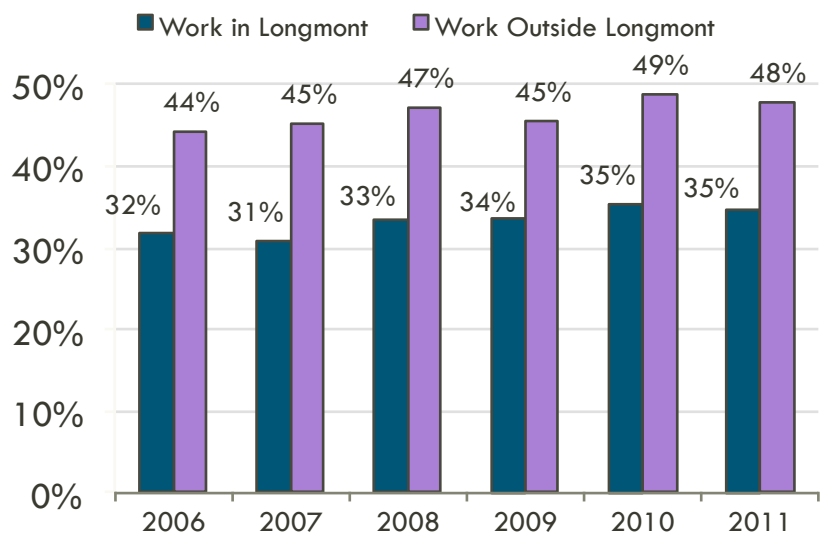


SOURCE: US Census Bureau

Local commute patterns also reveal income gaps; residents who work outside of Longmont tend to earn higher salaries than those who work in the city. From 2006 to 2011, an average of 46% of employed residents working outside of Longmont earned over \$40,000 a year, compared to only 33% of residents working in the city.

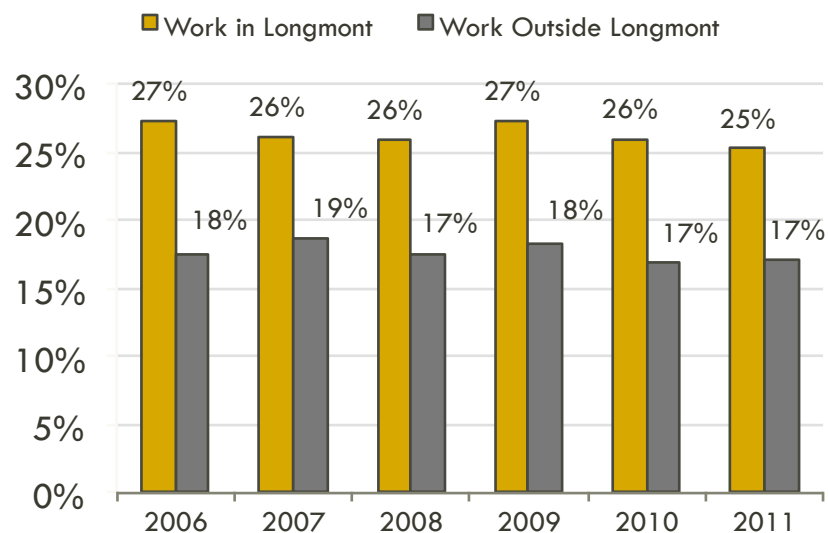
Over the same time period, an average of 26% of residents working in the city made less than \$15,000 a year, compared to only 18% of those working outside of Longmont. This data generally reflects the trend of slightly below average wages offered in Longmont but is also show that a higher share of residents who work in the city hold lower-salary or part-time jobs.

% OF RESIDENTS EARNING MORE THAN \$40,000
2006 - 2011



SOURCE: US Census Bureau, LEHD

% OF RESIDENTS EARNING LESS THAN \$15,000
2006 - 2011



SOURCE: US Census Bureau, LEHD

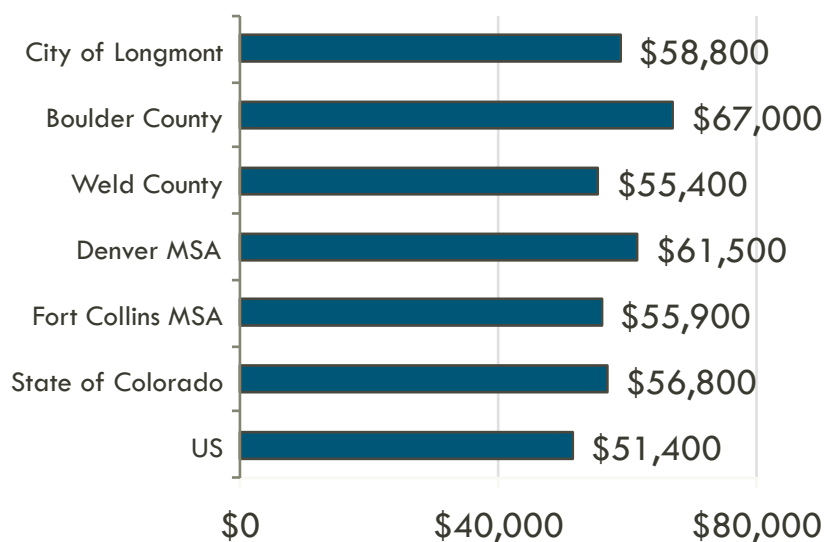
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Income levels are another strong indicator of overall vitality in a community. Median household income reflects the overall wealth of families, which often come from multiple income sources on top of a base salary. Strong income growth also shows continued improvement in conditions for families and earners in a community.

Longmont has a higher than average median household income, which has risen significantly more quickly than the national average over the past five years, indicating strong income potential for workers in the city. In 2012, the Longmont median household income was \$58,800, well above the US (\$51,400) and State of Colorado (\$56,800). City incomes were much lower than Boulder County, however, which had a median household income of \$67,000.

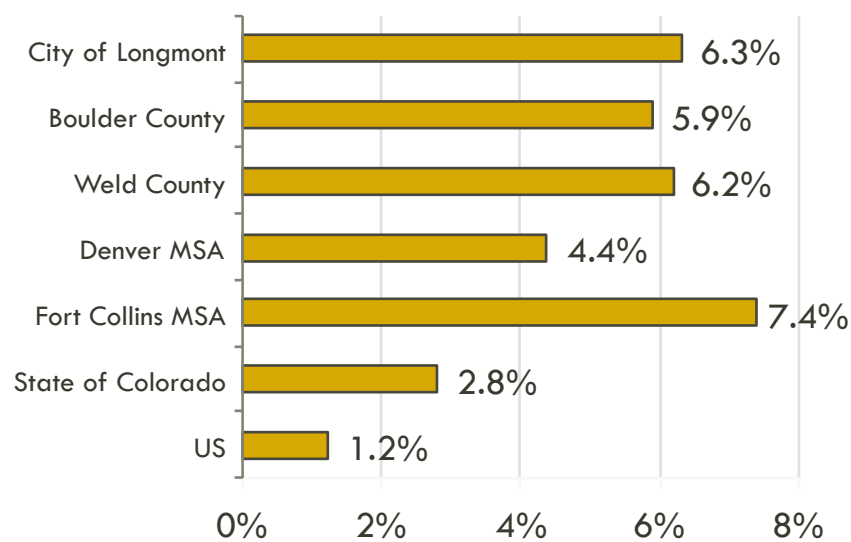
Median household income grew 6.3% in Longmont from 2007 to 2012, almost five times the national growth rate and over double the State of Colorado income growth. Among benchmarked geographies, only the Fort Collins MSA saw more rapid growth in median household income (7.4%).

MEDIAN HOUSEHOLD INCOME
2012



SOURCE: US Census Bureau

MEDIAN HOUSEHOLD INCOME GROWTH
2007 - 2012



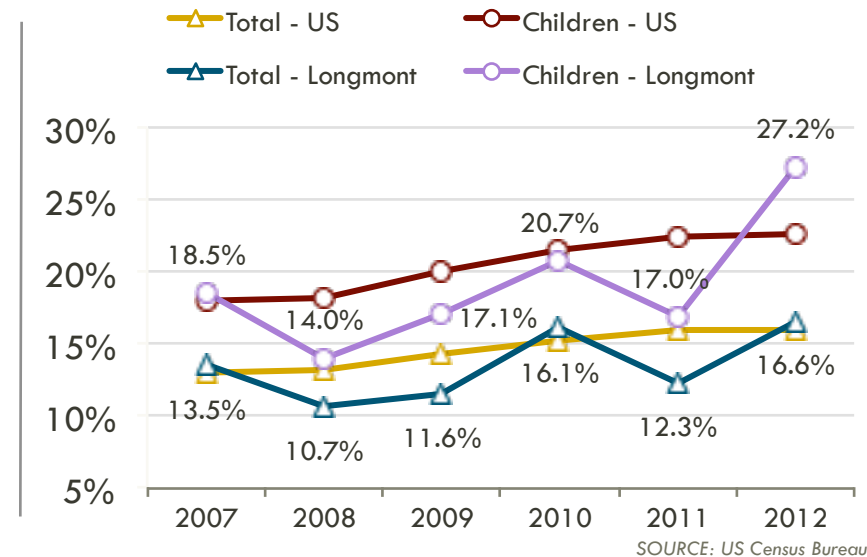
SOURCE: US Census Bureau

Like income, poverty levels reflect the general prosperity of a community and the ability of social programs and other structural factors that keep residents out of poverty. Many businesses are attracted to communities with lower poverty, knowing that they will have a healthy and successful pool of workers to draw from and prosperous clients to purchase their goods.

Despite a spike in 2012, in recent years poverty levels in Longmont have remained just below national levels, demonstrating a strong overall economic prosperity for city residents. From 2007 to 2012, an average of 13.5% of Longmont residents fell below the poverty line, just below the national average of 14.6%. Similarly, 19.1% of Longmont children were in poverty, compared to 20.5% nationally.

Poverty in general is always a cause for concern, and, worryingly, poverty has been slowly rising in recent years, both in Longmont and the nation. The recent recession and high number of long-term unemployed contributed significantly to this trend. One of the strongest counters to rising poverty is support of job creation in primary industries.

POVERTY LEVELS
2007 - 2012

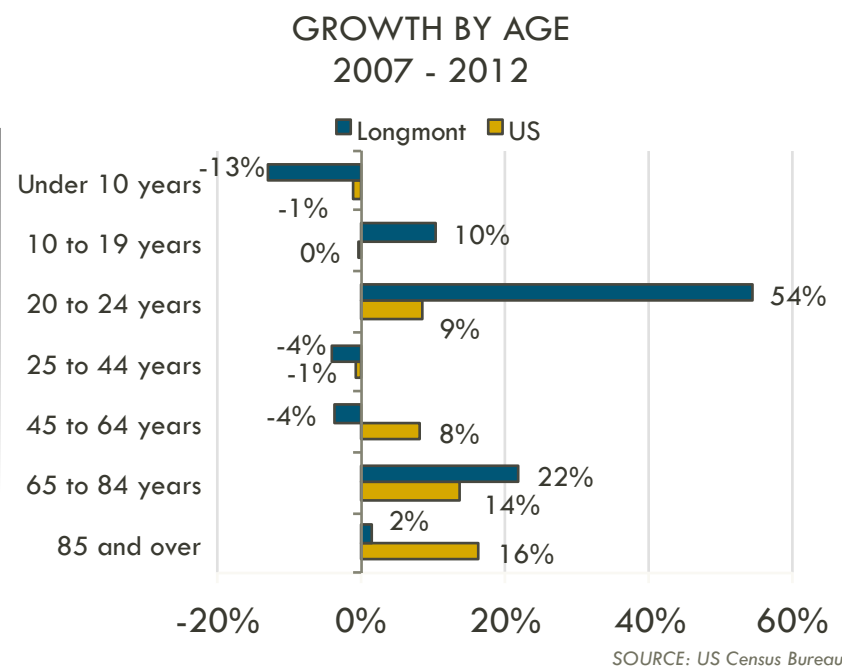
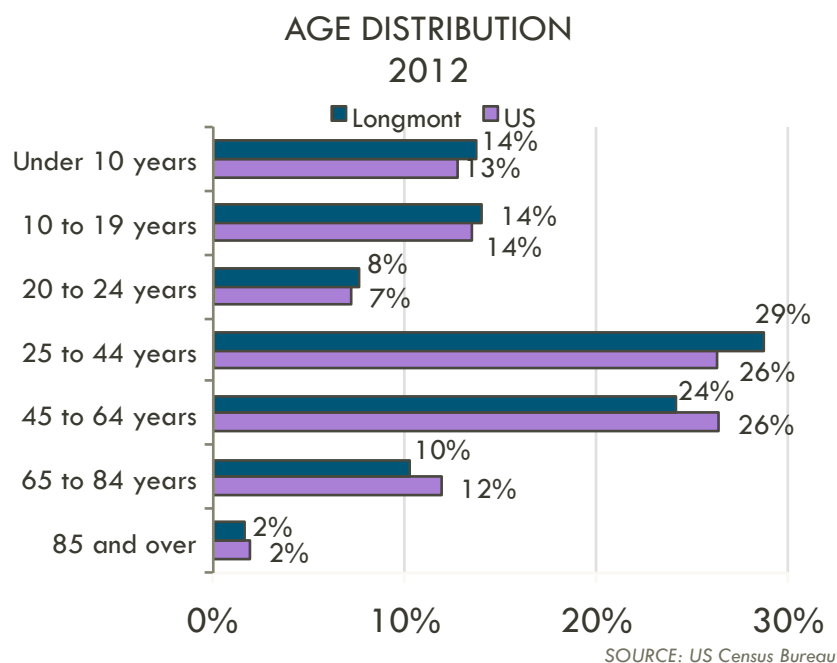


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The demographics of a local workforce play an important part in understanding a community's competitive position. Businesses tend to prefer locations with a large share of young professionals, ensuring that hired workers will be able to work for many years. Large populations of children and college students also indicate whether a community is family-oriented and that there will be a continued supply of high school and college graduates in the future to fill openings.

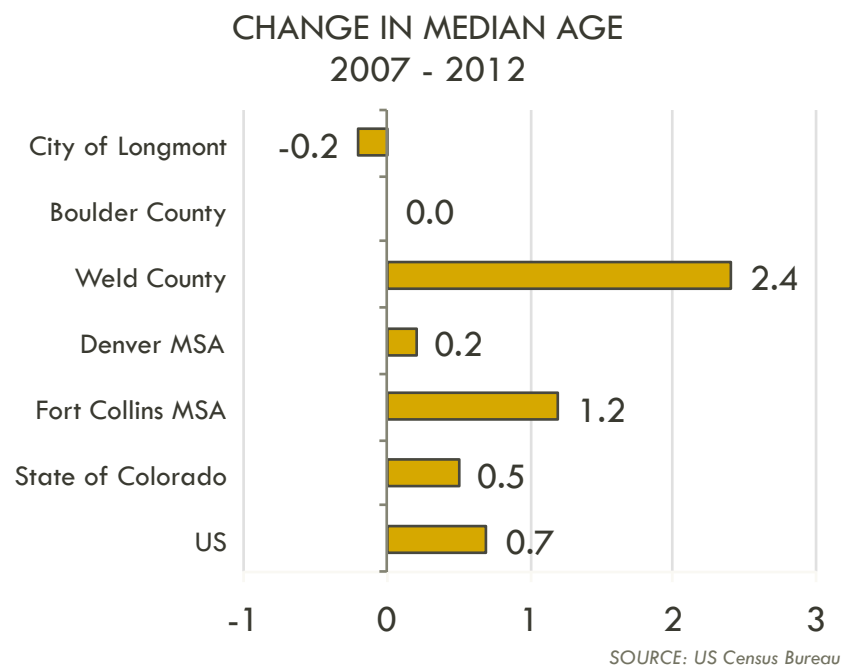
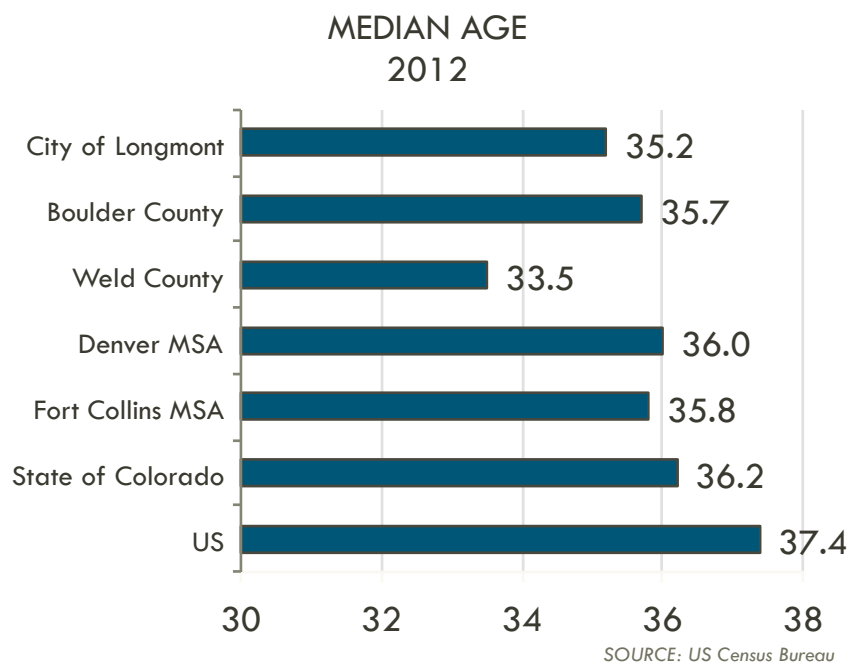
Longmont is younger than average and getting younger, with strong growth in residents age 20 to 24, a crucial demographic for businesses looking to invest in workers and training. Longmont has a higher share of residents under 45 years old (64%) than the national average (60%) and a lower share of residents over 45. A slightly higher share of Longmont residents (53%) are of working age (25 to 64) than the national average (52%).

The age group with the highest growth in Longmont from 2007 to 2012 was 20 to 24 year olds, whose cohort grew 54% locally, compared to only 9% nationally. During this period, Longmont's population of 25 to 44 years old shrunk. Longmont saw higher than average growth among residents age 65 to 84.



Longmont's median age is 35.2, one of the lowest among benchmarked region's, and the city was the only geography examined that saw the median age decline from 2007 to 2012, showing the city getting younger. Colorado in general is younger than the nation, with a median age of 36.2 compared to 37.4 nationally. The Front Range is younger still, with a median age of 36 in the Denver MSA and 35.7 in Boulder County, but Longmont has the lowest besides Weld County.

From 2007 to 2012 while the national median income increase by 0.7 and Colorado's by 0.5, the City of Longmont saw the median age drop by 0.2. This youthful trend stands in contrast to general aging patterns across the nation, and shows the strong family and youth orientation of the community in Longmont, which makes it a more competitive location to build a business.

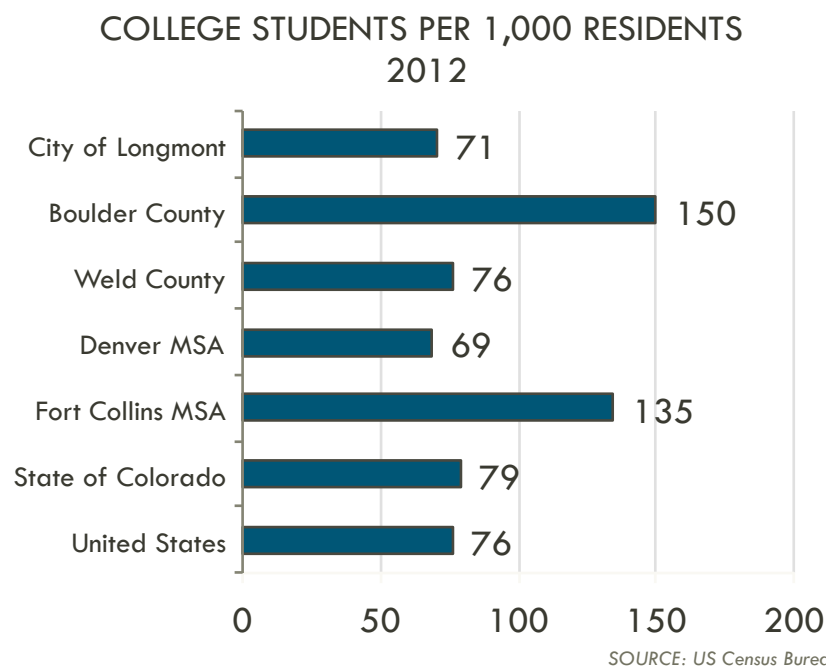
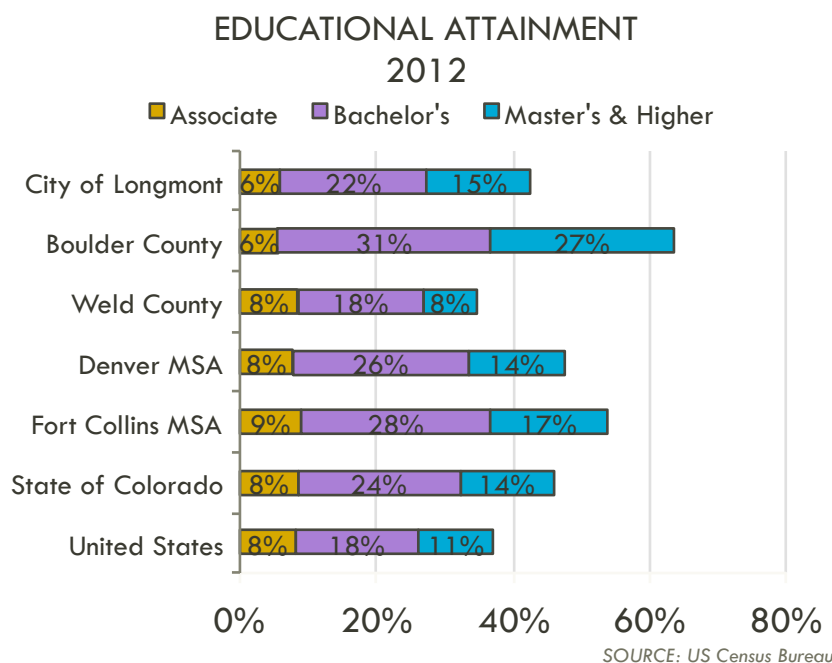


ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

Education is a critical factor considered by businesses and residents when making location decisions. Many businesses, particularly in professional fields, seek locations where a higher than average share of the population has a bachelor's degree or higher. The presence of higher education institutions and college students also provides a competitive edge to some communities. Residents like to know that there are continued education opportunities available. Business often require training for current employees and an existing pipeline of graduates to fill vacancies in the future.

Longmont is better educated than the national average, but less well-educated than Boulder County and the Fort Collins MSA, which are both home to large, public universities. In Longmont, 37% of residents have a bachelor's degree or higher, compared to 29% nationally, 37% in Colorado, 58% in Boulder County, and 45% in the Fort Collins MSA. As a city without a large university, Longmont is exceptionally well educated, with a particularly share of the population (15%) holding a master's degree or higher.

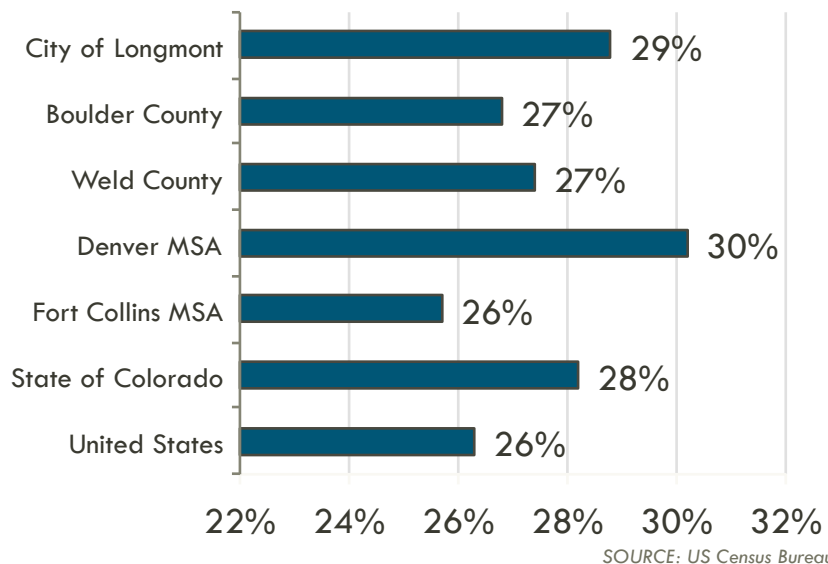
Longmont only has 71 college students per 1,000 residents, less than the national and state averages, but higher than the Denver MSA. Longmont's low population of college students is unsurprising, considering most college students in the region are located at the University of Colorado in Boulder or Colorado State University in Fort Collins. **Front Range Community College is a tremendous asset in Longmont, contributing to the nearly 6,300 college students in the city and working closely with local businesses and leadership to identify educational needs.**



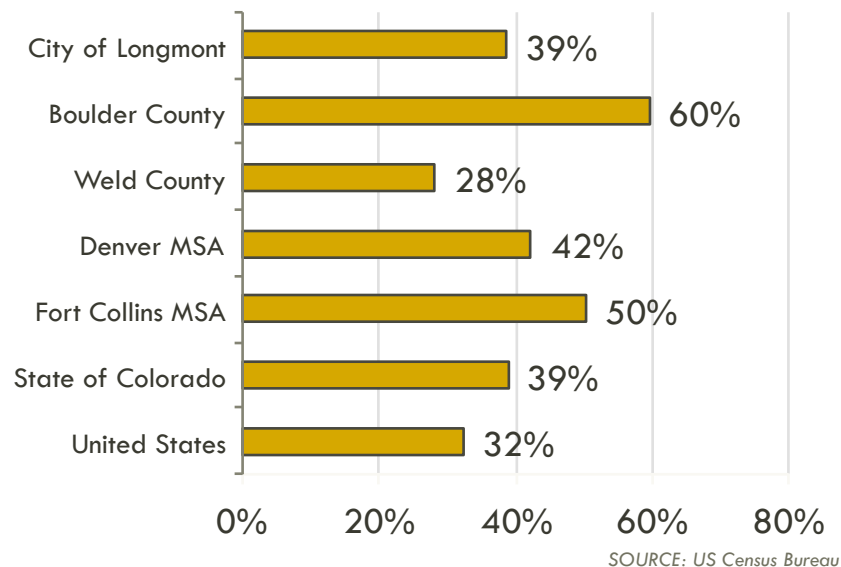
As previously mentioned, businesses are drawn to communities with a larger than average population of young professionals (residents age 25 to 44). This shows that a community has a talent base that will be working for many years to come and is armed with the latest skills and techniques. The presence of young professionals also indicates that the community has quality of life amenities that can attract additional talent. As the national population ages, the share of Young Professionals is dropping across the US and in most communities, making this population an increasingly precious commodity.

Longmont has a higher than average share of young professionals and they are better educated than the national average. Young professionals make up 29% of Longmont's population, compared to 26% nationally and 28% in Colorado. Among benchmarked regions, only the Denver MSA has a higher share of this demographic (30%). With 39% holding a bachelor's degree or higher, Longmont Young Professionals are better educated than the national average, but less well-educated than Boulder County and the Fort Collins MSA. The universities in those communities contribute to their more highly educated populations.

% YOUNG PROFESSIONALS (AGE 25 – 44)
2012



% YOUNG PROFESSIONALS WITH A BACHELOR'S+
2012

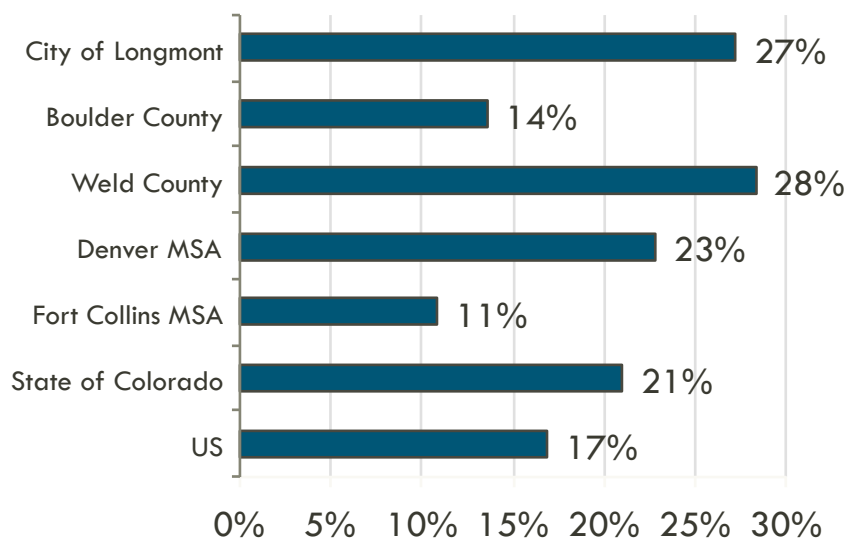


New studies continue to reveal that diversity has a strong influence on economic success and innovation. Residents of different backgrounds bring new perspectives and ideas to the workplace and classroom, helping communities and businesses thrive.

Longmont is currently less racially diverse than national and state averages, but has a larger Latino population than average and is becoming more diverse with time. In 2012, the City of Longmont was 86% white, compared to 84% in the State of Colorado and 74% nationally. Longmont is more diverse than Boulder County and the Fort Collins MSA, which are 88% and 91% white respectively. The fastest growing racial groups in Longmont are black and Asian, but these groups still make up a relatively small share of the overall population.

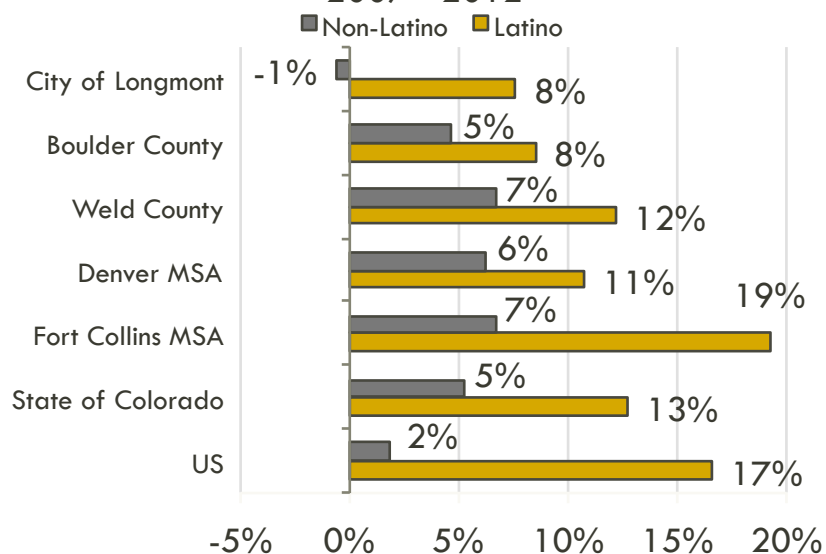
Longmont's Latino population is growing as the non-Latino population declines. Longmont is 27% Latino, compared to 17% nationally, 21% in Colorado, 14% in Boulder County, and 23% in the Denver MSA. From 2007 to 2012, the Latino population grew 8% in Longmont, while the non-Latino population declined by 1%.

SHARE OF POPULATION THAT IS LATINO
2012



SOURCE: US Census Bureau

GROWTH IN LATINO AND NON-LATINO POPULATION
2007 - 2012



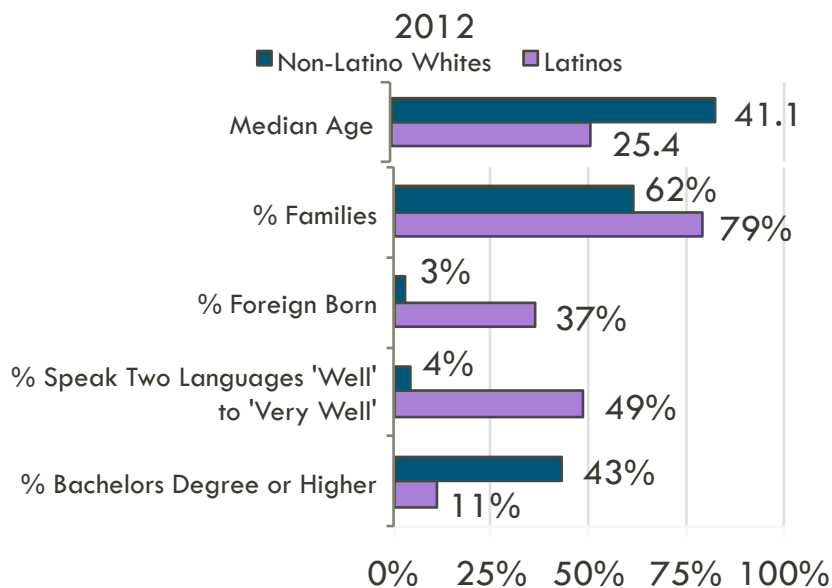
SOURCE: US Census Bureau

Longmont's ethnic diversity is also characterized by socioeconomic differences between the Latino and majority Non-Latino White population. As a whole, the Latino community in Longmont tends to be younger, more comprised of families, more foreign-born, more bilingual, and less educated. The Latino community also tends to have higher unemployment, own homes less frequently, have lower incomes, and have more than double the poverty levels of the Non-Latino White population.

The median age among Longmont Latinos is 25.4, compared to 41.1 among Non-Latino Whites. 79% of Latino households are families, compared to 62% of Non-Latino White households. But only 11% of Longmont Latinos hold a bachelors degree or higher, compared to 43% of Non-Latino Whites. Similarly, Median Household Income among Latinos was only \$38,300, well below the \$64,500 in Non-Latino White households. Nearly double unemployment among Latinos likely adds to this income disparity, as well as poverty rates more than twice as high, including 44% among Latino children in Longmont.

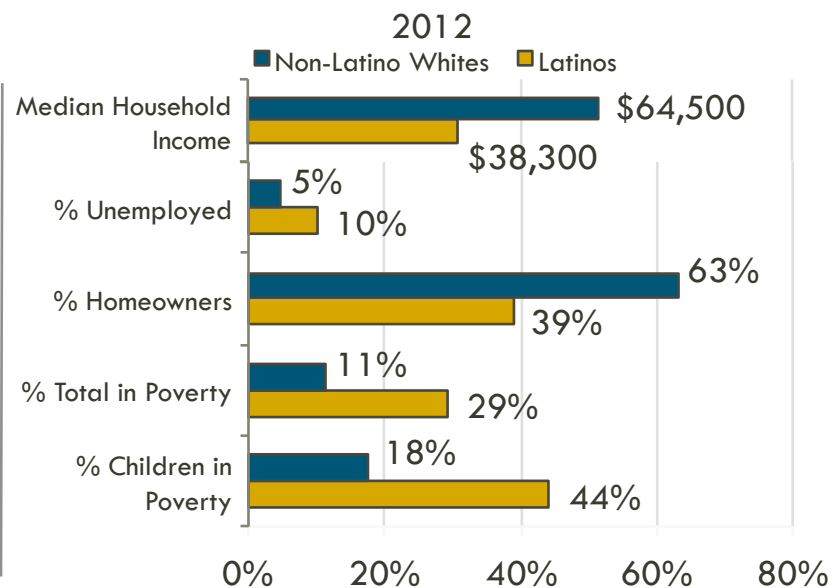
The large Latino community in Longmont presents a significant asset to the city, representing a young, rapidly growing, family-oriented workforce with strong language skills and diverse cultures. However, continued economic and educational disparities threaten to erode the economic stability of the community. Greater outreach and inclusiveness may present more opportunities to address high poverty, unemployment, and income disparity in Longmont's Latino community.

LONGMONT ETHNIC DEMOGRAPHICS



SOURCE: US Census Bureau

LONGMONT ETHNIC SOCIOECONOMICS



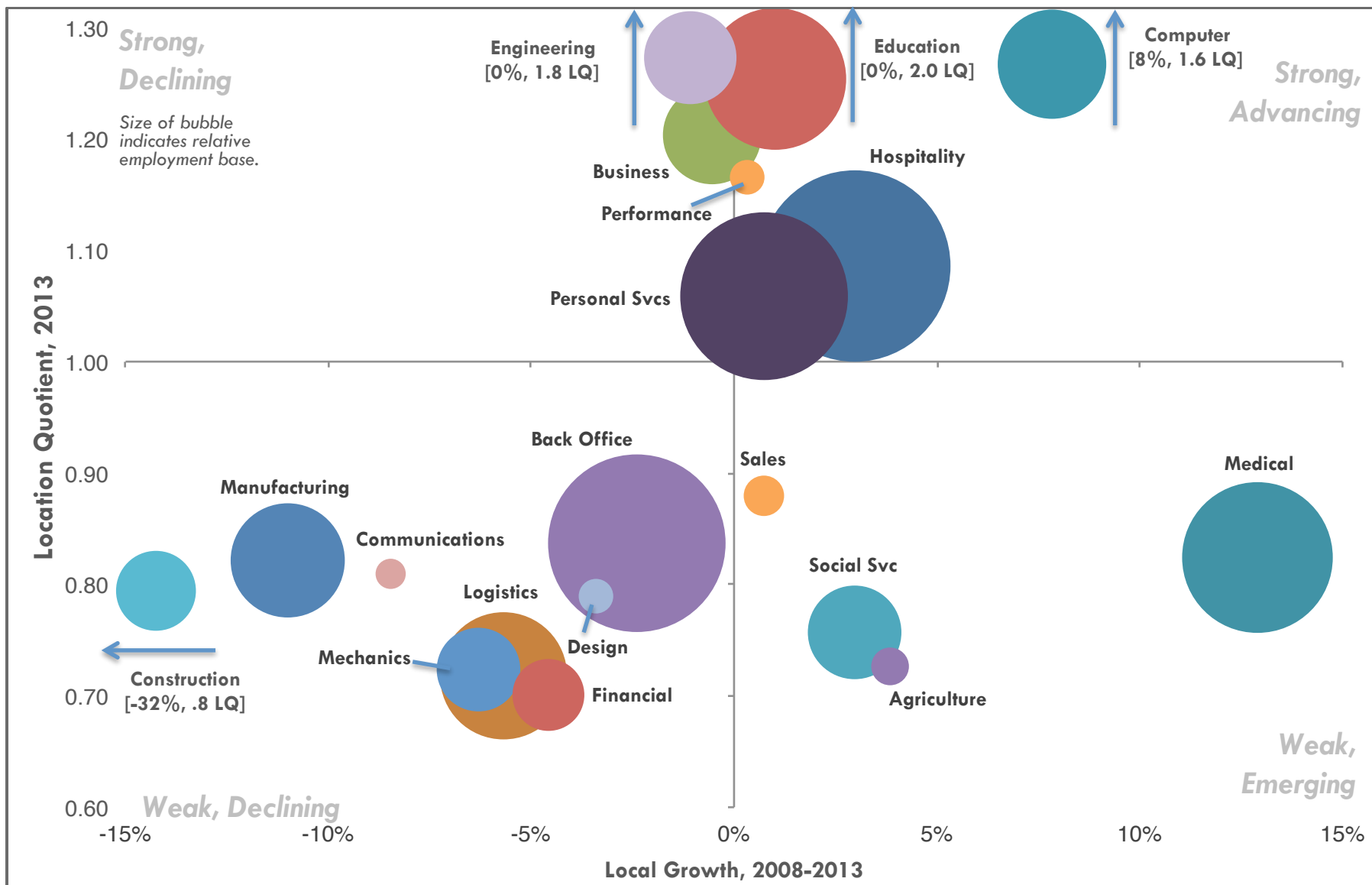
SOURCE: US Census Bureau

Occupational Cluster Analysis

The Occupational Cluster Bubble Chart on the following page operates like the previously discussed Industry Cluster Bubble Chart. The Location Quotient (LQ) compares the relative concentration of an occupation in a local economy with the national average. An LQ above 1.0 indicates that the occupation is more concentrated in the local economy than nationally, whereas an LQ below 1.0 shows the occupation is less common than average in the local economy. The LQ is displayed on the vertical axis. The horizontal axis shows the % growth over the past five years in each occupation. Lastly, the size of the bubble indicates the number of jobs in the occupation locally.

The Occupational clusters discussed are based on standard categorization codes utilized by government and educators. They provide insight into local strengths and challenges related to training programs and recruitment. The table following displays the same trend data.

Major Occupations: City of Longmont, CO



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Longmont's greatest occupational strengths lie in the upper-right quadrant of the bubble chart and include **Computer** occupations (1.6 LQ; 8% growth); **Hospitality** (1.1 LQ; 3% growth); **Personal Services** (1.1 LQ; 1% growth), and **Education** (2.0 LQ; 0% growth). These occupations are more concentrated in Longmont than the national average and growing.

Other highly concentrated occupations that have lost some jobs in recent years include **Engineering** (1.8 LQ; 0% growth) and **Business** (1.2 LQ; -1% growth).

These occupational strengths highlight Longmont's unique position with a strong talent pool in technology as well as growing strengths related to tourism and hospitality.

The greatest emerging occupational strengths (those that are less concentrated but growing) in Longmont include **Medical** occupations (0.8 LQ; 10% growth); **Agriculture** (0.7 LQ; 4% growth); and **Social Service** (0.8 LQ; 3% growth).

Large occupational clusters that are less concentrated and losing jobs, which raise some concerns, include **Manufacturing** (0.8 LQ; -11% growth); **Back Office** (0.8 LQ; -2% growth); and **Logistics** (0.7 LQ; -6% growth). Jobs losses in these important occupational clusters may mean that related industries will need additional support. Notably, these losses are not unique to Longmont but instead mirror national occupational trends.

Longmont Occupation Cluster Trends

Occupation Cluster	Jobs, 2013	Location Quotient, 2013		Job Growth, 2008 - 2013	
		Longmont	Boulder & Weld Cty.	Longmont	US
Agriculture	270	0.7	1.7	4%	1%
Architecture	77	1.4	2.6	-9%	-15%
Back Office	5,985	0.8	0.9	-2%	-2%
Business	1,840	1.2	1.4	-1%	-1%
Communications	173	0.8	1.3	-8%	-3%
Computer	2,465	1.5	1.9	8%	3%
Construction	1,512	0.8	1.0	-32%	-16%
Design	227	0.8	1.0	-3%	-8%
Education	5,991	2.0	1.1	0%	0%
Engineering	1,745	1.8	1.9	0%	-2%
Financial	980	0.7	0.9	-5%	-1%
Geology	36	0.4	4.6	-81%	18%
Hospitality	6,951	1.1	1.0	3%	4%
Legal	268	0.6	0.8	9%	-2%
Logistics	3,070	0.7	0.8	-6%	-3%
Manufacturing	2,475	0.8	1.0	-11%	-8%
Math	53	1.2	1.1	4%	4%
Mechanics	1,327	0.7	0.8	-6%	-3%
Medical	4,311	0.8	0.8	10%	9%
Performance	228	1.2	1.0	12%	2%
Personal Services	5,340	1.1	0.9	1%	-1%
Plant Operations	105	0.8	1.0	13%	-3%
Political	100	2.4	2.4	6%	4%
Sales & Marketing	310	0.9	1.3	0%	-2%
Social Service	1,663	0.8	0.8	3%	-2%
Total	47,706	-	-	-2%	-1%

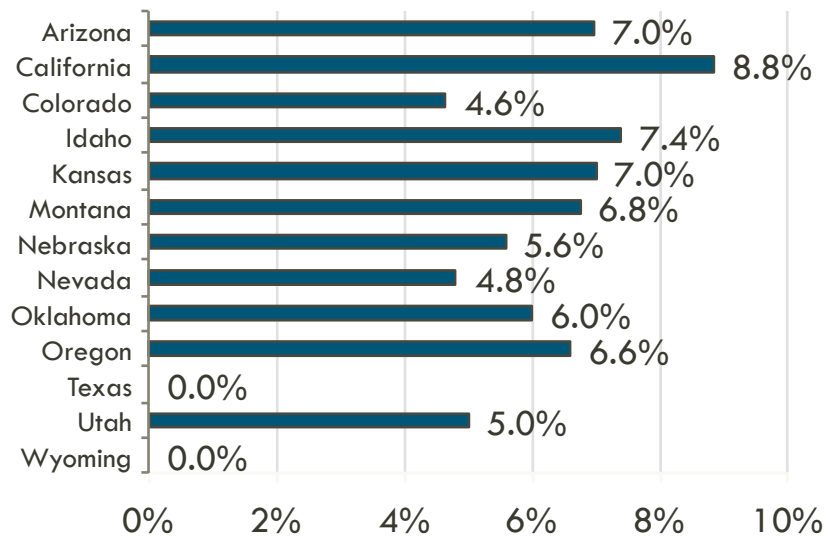
Source: Avalanche & EMSI

Business Climate

State and local taxes are a major component for assessing the overall business friendliness of a community. Depending on their operations, some businesses prefer locations with lower property taxes while others may look more at income or sales tax levels. Manufacturing operations with significant investments in physical property can face major competitive hurdles due to costs incurred by high property taxes. Sales-based operations, including retail, may be limited by high sales taxes, which although often passed off to customers may drive business away. Income tax rates affect all businesses and residents, with both tending to choose lower tax locations when possible.

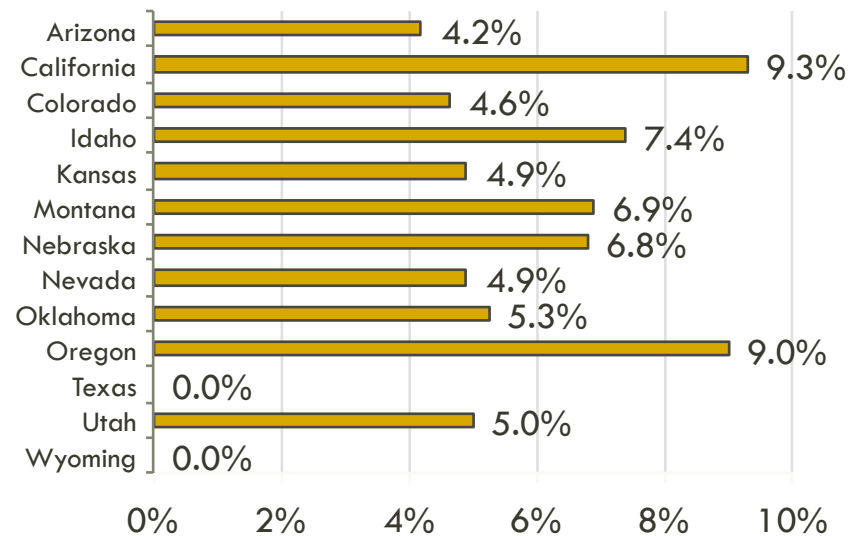
Longmont benefits from the highly competitive business climate in Colorado, which has some of the lowest income tax rates in the West, making it an attractive location for businesses and residents. Colorado has a state corporate income tax rate of 4.6%, lower than all regional Mountain and West Coast states, except Wyoming and Texas, which have no corporate income tax. Notably, Texas does have a franchise tax that effectively acts as a corporate income tax. Colorado's 4.6% personal income tax rate on those earning over \$50,000 a year is also lower than all regional states, except Arizona.

STATE CORPORATE INCOME TAX RATES
2012



SOURCE: Tax Foundations

STATE PERSONAL INCOME TAX RATES (OVER \$50K)
2007 - 2012



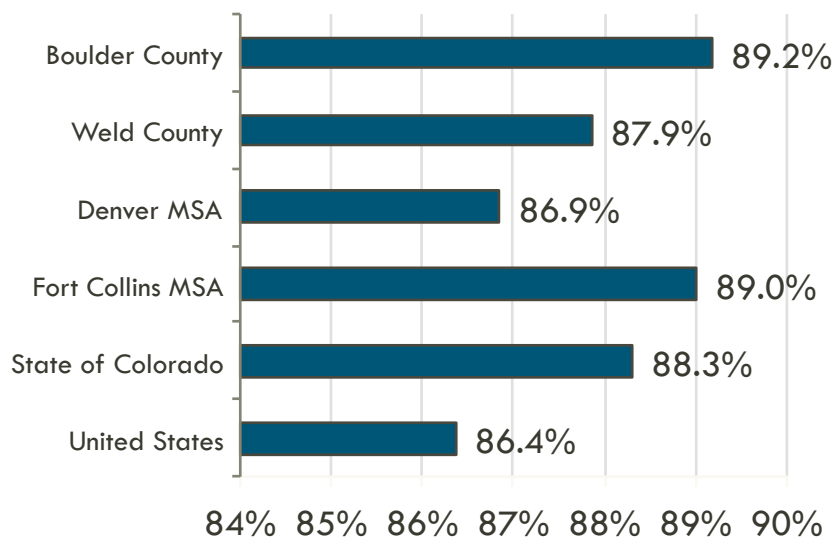
SOURCE: Tax Foundations

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The number and size of businesses operating in a location provides insight into its business climate. Strong concentrations of small businesses (those with 20 or fewer employees) tend to reflect conditions and policies supportive of small businesses. High concentrations of large businesses (those with 100 or more employees) may indicate that a local economy is more weighted towards a handful of significant employers. Business size data is only available at the county level.

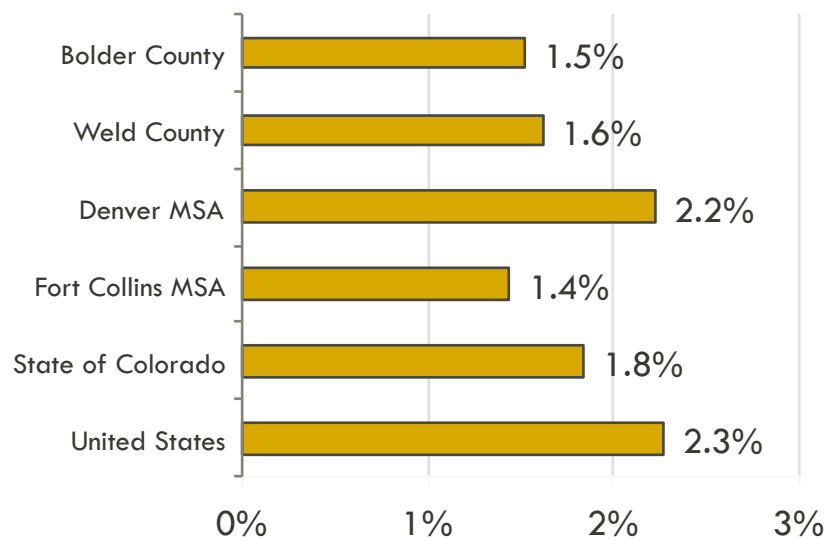
Boulder County has a high concentration of small businesses, demonstrating both local policy support for small businesses and a strong cultural preference for local businesses. Boulder County has 89.2% of all businesses having 20 or fewer employees, compared to 86.4% nationally and 88.3% in Colorado. Conversely, Boulder County has a lower concentration of large business (1.5%) compared to the US (2.3%) and Colorado (1.8%). It appears that bigger business operations are more concentrated in the Denver MSA, with Boulder County, Weld County, and the Fort Collins MSA having a higher share of smaller operations.

% SMALL BUSINESSES (20 OR FEWER EMPLOYEES)
2006 - 2011



SOURCE: US Census Bureau, County Business Patterns

% LARGE BUSINESSES (100 OR MORE EMPLOYEES)
2006 - 2011



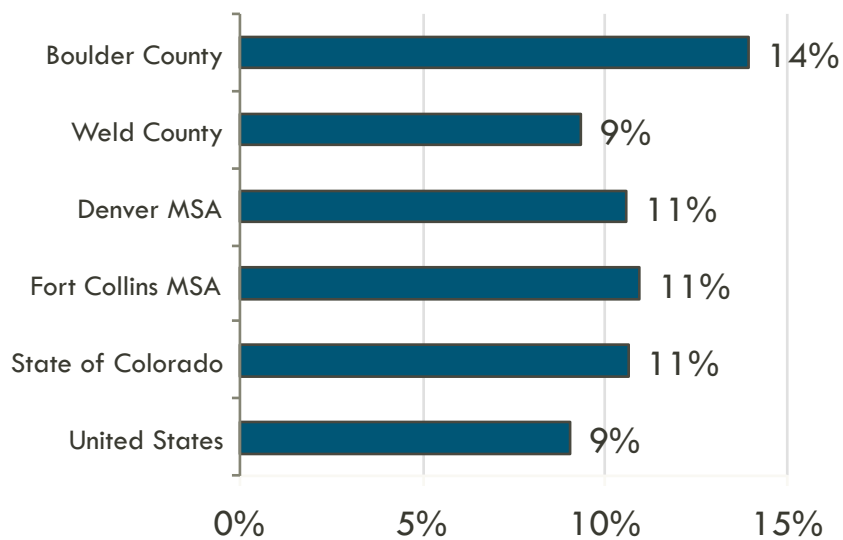
SOURCE: US Census Bureau, County Business Patterns

Entrepreneurship & Innovation

The share of self-employed residents in an economy tends to reflect the overall entrepreneurial environment. Self-employed individuals are often entrepreneurs, working as consultants, craftspeople, tradespeople, and many other occupations. Self-employment data is only available at the county level.

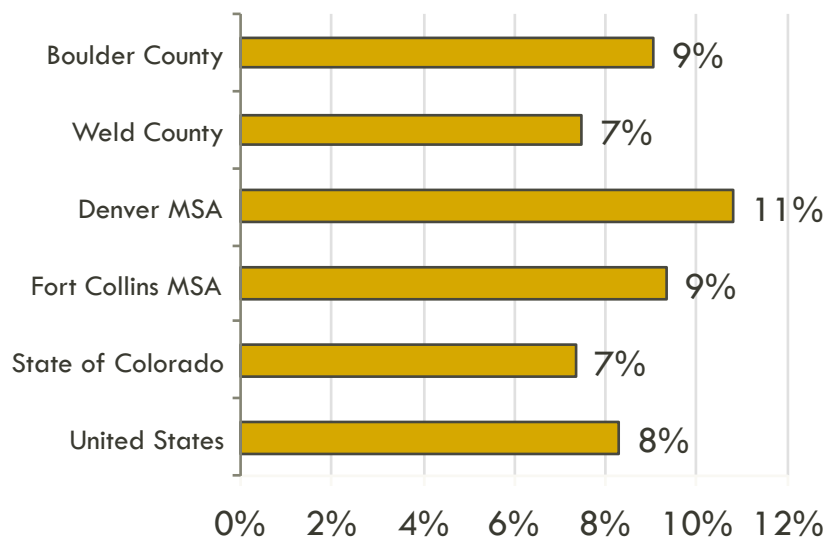
Boulder County has a significantly higher concentration of self-employed residents, reflecting the entrepreneurial culture and supportive environment in the community. Of residents over 16 in Boulder County, 14% are self-employed, compared to 9% nationally and 11% in the State of Colorado. The self-employed population is also growing rapidly in Boulder County. From 2006 to 2011, the number of self-employed residents grew 9% in Boulder County, compared to 8% nationally and 7% in Colorado.

% RESIDENTS OVER 16 THAT ARE SELF-EMPLOYED
2011



SOURCE: US Census Bureau, Nonemployer Statistics

GROWTH IN SELF-EMPLOYED
2006 - 2011



SOURCE: US Census Bureau, Nonemployer Statistics

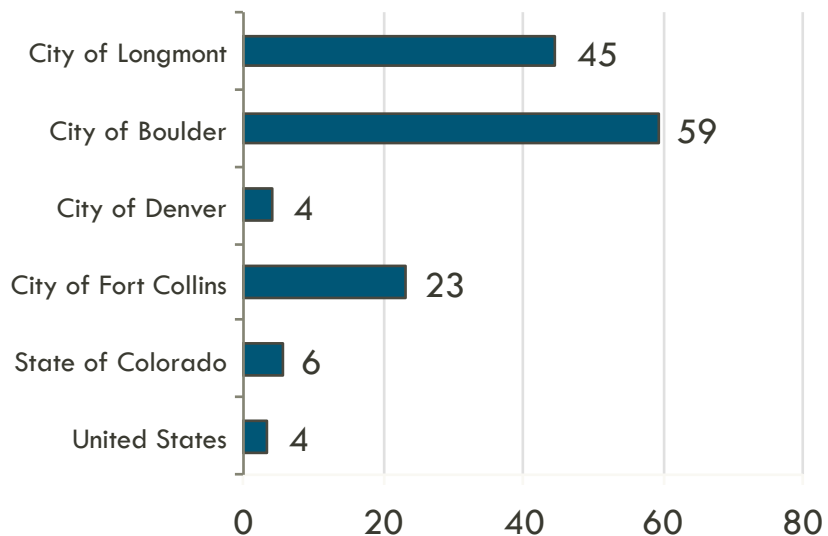
ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

Patent production is one of the strongest indicators of innovation in a community. Communities where individuals and businesses produce high numbers of patents are usually places that support innovation through research activities, industry mix, and overall culture. The patent numbers below reflect patents in which one of the inventors lives in the benchmarked city, as opposed to the assignee of the patent being located there. This reflects the overall involvement of local residents and businesses in technological production, even if the company or individual that owns the patent is located in another city.

Longmont has a remarkably high concentration of patents being produced by local inventors. Inventors from Longmont were credited with an average of 45 patents per 10,000 residents per year, well above the national average (4 patents), the State of Colorado (4), and even the City of Fort Collins (23). Among benchmarked regions, only the City of Boulder had a higher share of patents per capita than Longmont, but **as a non-university town, Longmont's share of patent production is incredibly high.**

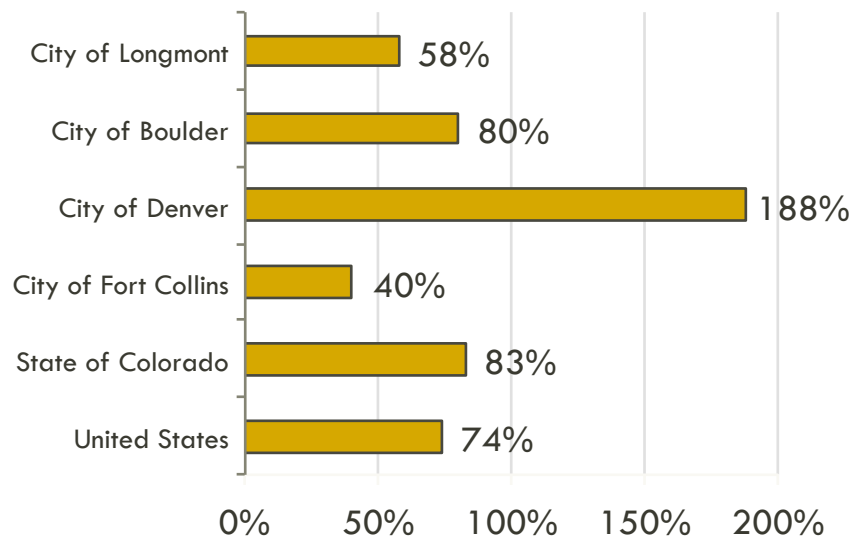
Patent growth in Longmont has slowed down in recent years though, with most benchmarked regions seeing their patent production increase more rapidly. From 2008 to 2013, the number of patents issued in the City of Longmont grew 58% from 2008 to 2013, below the US average (73%), State of Colorado (83%), and City of Boulder (80%). This may indicate that local businesses conducting research and development activities, as well as individuals, may need additional economic development support.

AVERAGE ANNUAL PATENTS PER 10,000 RESIDENTS
2008 - 2013



SOURCE: US PTO, US Census Bureau, & Avalanche

TOTAL PATENT GROWTH
2008 - 2013

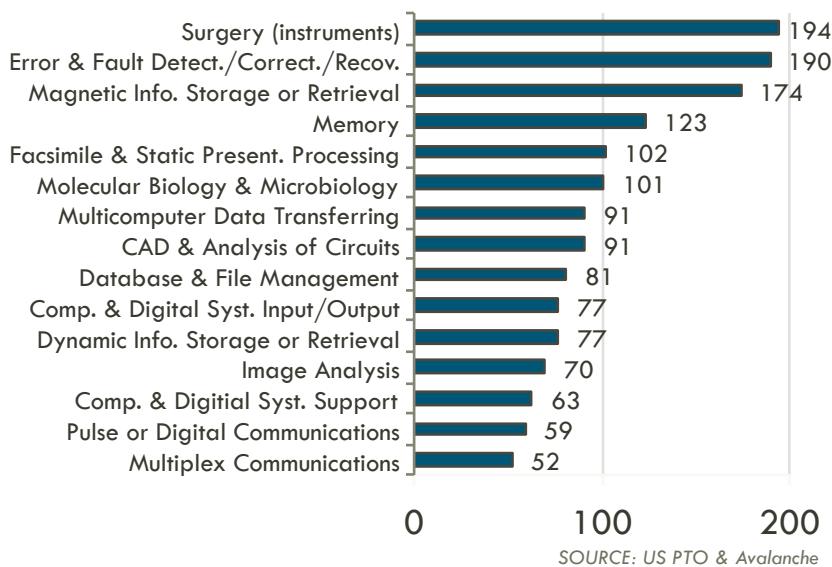


SOURCE: US PTO & Avalanche

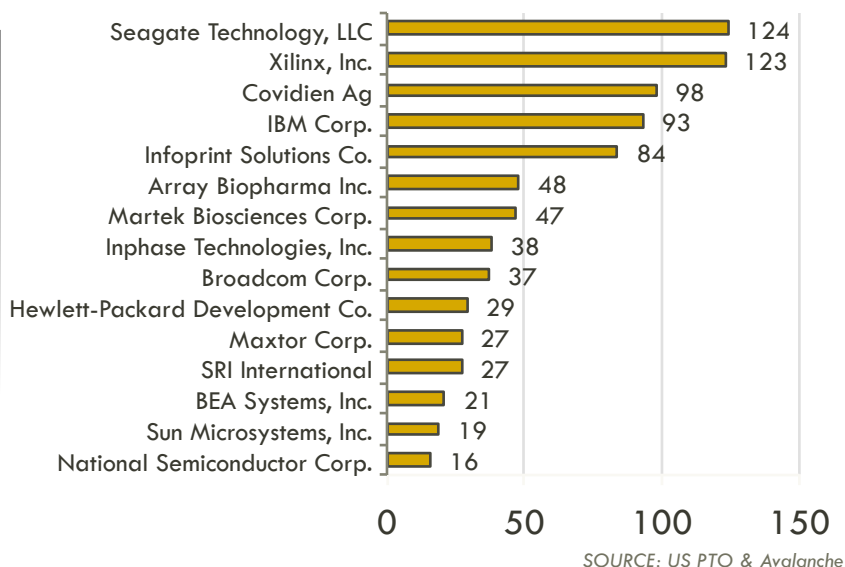
Patents in Longmont are highly concentrated in technical fields, particularly related to data storage, management, and recovery and medical fields. The largest category of patents invented by Longmont residents was Surgical Instruments with 194 patents between 2008 and 2013, followed by Error & Fault Detection/Correction/Recovery technology (190 patents); Magnetic Information Storage or Retrieval (174); and Memory (123).

During the same period, the primary assignees receiving patents in Longmont were Seagate Technology (124 patents) and Xilinx (123 patents). Covidien Ag, IBM, and Info Print Solutions were also top patenting companies locally.

TOP 15 PATENTED INVENTIONS BY CLASS
2008 - 2013



TOP 15 PATENT COMPANIES
2008 - 2013



ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

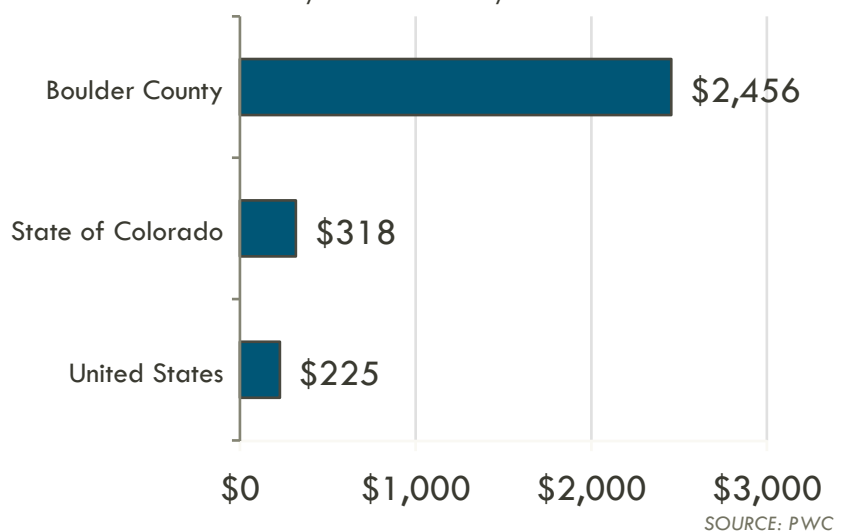
Many startups rely on angel and venture capital investment to get themselves off the ground. Although investors can assist startups in any location, investors tend to be concentrated in specific regions. This geographic concentration of angel and venture capital funding often makes it easier for startups to find funding in specific locations. Investors often require startups to relocate nearby so they can monitor their investment and be involved in company management.

Boulder County has nearly ten times the US average concentration of venture capital investment and has a history of supporting many successful startups. From Q3, 2008 to Q3, 2011, Boulder County received \$2,456 per resident in venture capital investment, compared to \$225 and \$318 in the US and the State of Colorado.

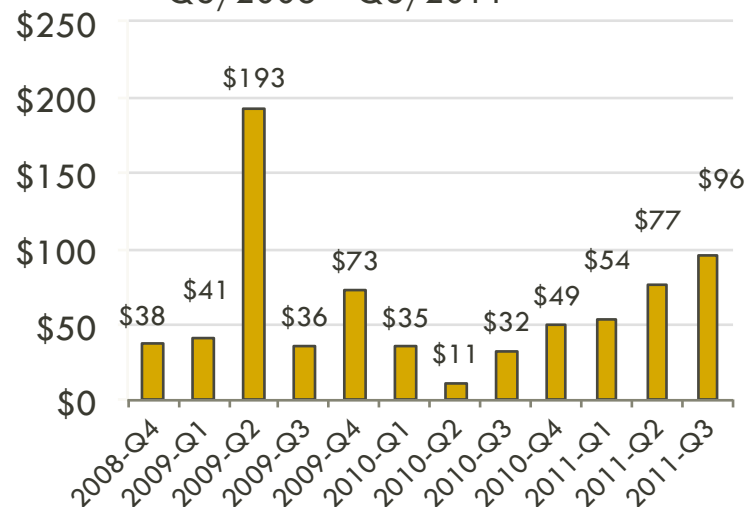
The County is also home to a number of angel investment groups such as Boulder Angel Investors, Colorado Angel Investors, the Impact Angel Group, and Transition Partners Limited.

Much of the investment by angels and VCs has likely centered on spinoffs from the University of Colorado in Boulder. Longmont's proximity to the university and relative affordability make it an ideal location for university spin offs looking for space to grow and a more affordable business climate.

VENTURE CAPITAL INVESTMENT PER CAPITA
(\$ PER RESIDENT)
Q3/2008 – Q3/2011



BOULDER COUNTY - VENTURE CAPITAL INVESTMENT
(\$ MILLIONS)
Q3/2008 – Q3/2011

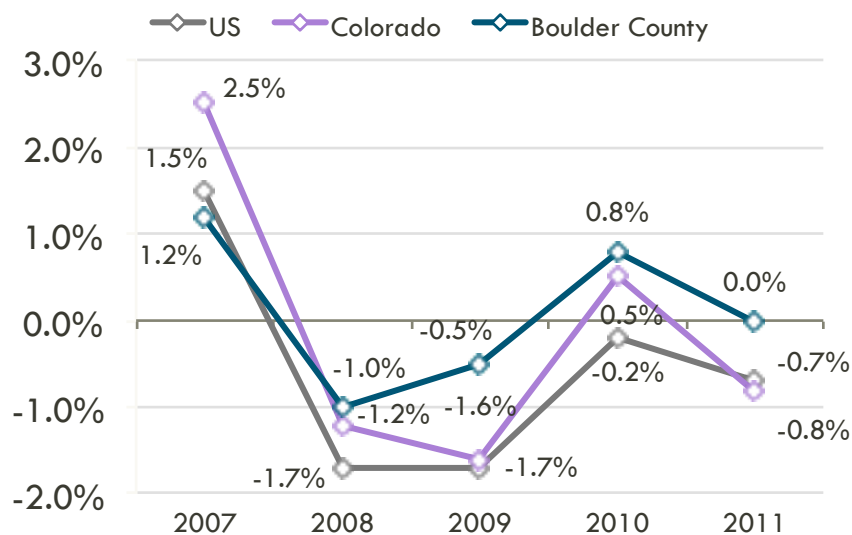


ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

Startups (defined here as business with under 10 employees) have suffered through the recent recession, with many closing their doors in 2008 and 2009. **Boulder County startups were not immune to the effects of the recession but felt them less severely.** Despite the closure of numerous startups during the recession, from 2006 to 2011, startups in Boulder County actually grew at an annual rate of 0.1%. During the same period, the State of Colorado lost startups at an annual rate of -0.3% and the US at -0.6%.

These trends all reveal the incredibly strong entrepreneurial environment in Longmont, which is home to inventors working on hundreds of new technological patents each year, a high concentration of self-employed individuals, and a supportive overall small business environment.

GROWTH OF BUSINESSES UNDER 10 EMPLOYEES
2006 - 2011

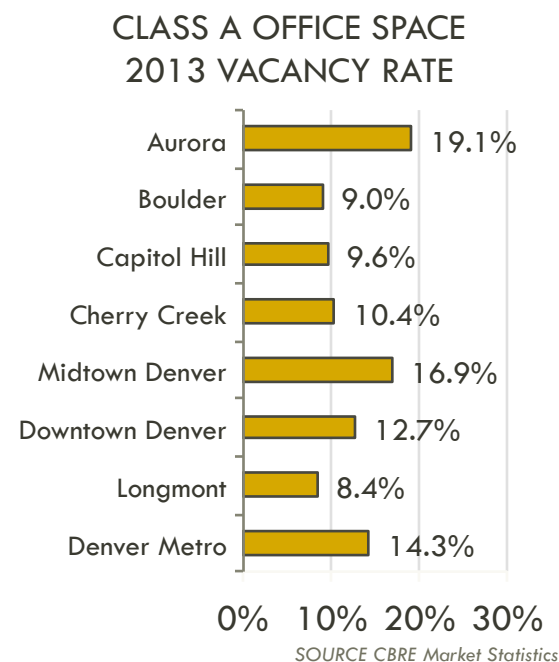
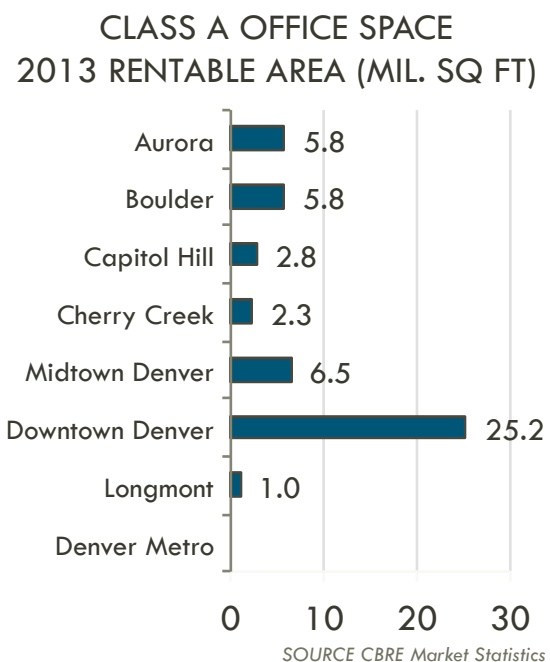
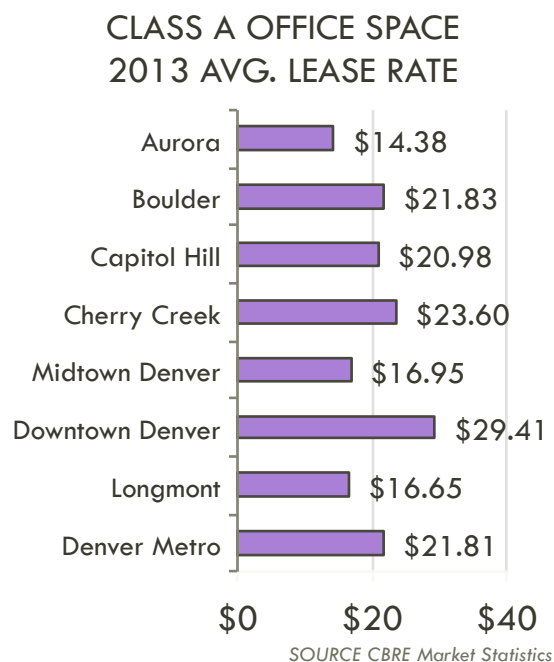


SOURCE: US Census Bureau, County Business Patterns

Physical Infrastructure

The real estate needs of businesses vary by industry, with many professional services firms seeking Class A office space, research firms possibly requiring wet lab and other experimental facilities, and manufacturers needing industrial space. Additionally, each business may have its own particular needs, such as high ceilings, truck docking, or redundant power sources. Because it is difficult to predict precisely what each business may need, property owners and cities must remain flexible and willing to discuss options for improvements with potential lessees. A significant lack of readily available property or high pricing may exclude a community for consideration for a business relocation or expansion before these conversations even take place. As a result, it is important to ensure that a community has viable real estate product available for its target industries.

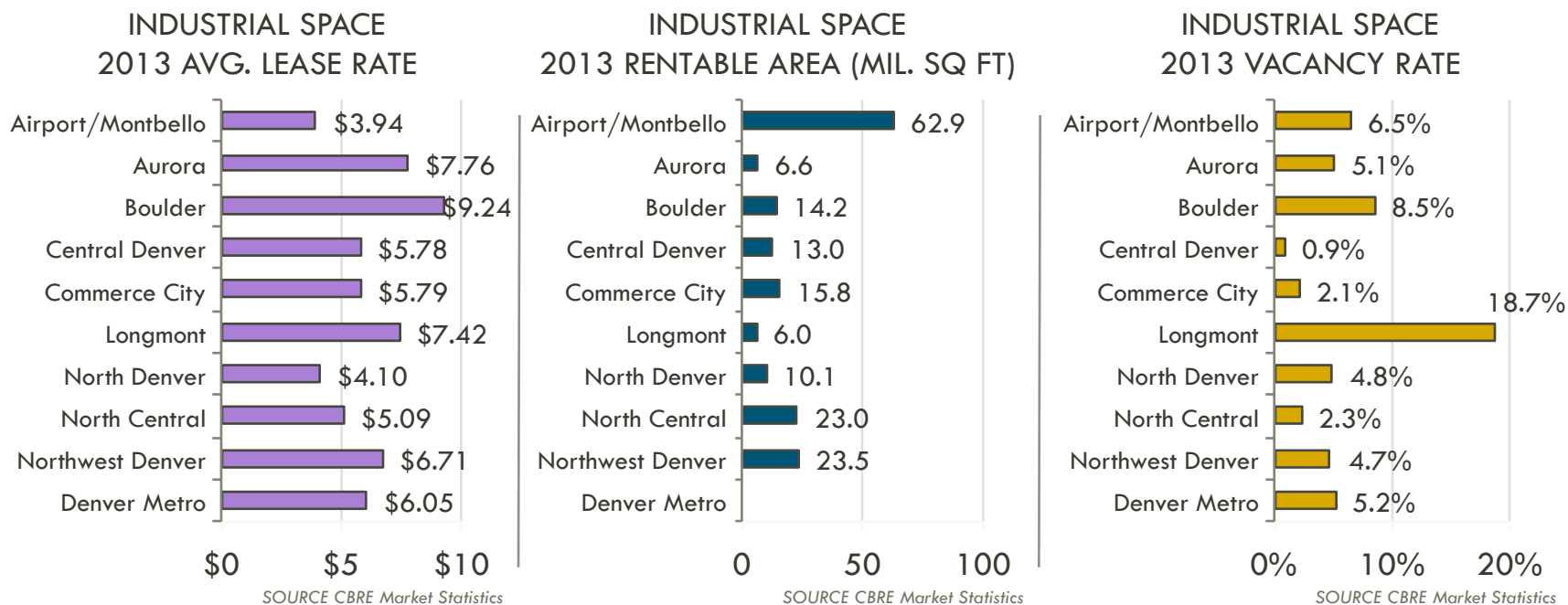
Longmont has relatively affordable Class A office space leasing rates but very little rentable area and low vacancy rates, which create challenges for the city when attracting and retaining professional service and other businesses. According to CBRE's Market Statistics for 2013, the average lease rate for Class A office in Longmont was \$16.65 per square foot, below all other parts of the Denver Metro, except Aurora (\$14.38). Longmont may have some of the most affordable office space in the Denver Metro, but there is less of it available. In 2013, Longmont only had one million square feet of rentable Class A office, with an 8.4% vacancy rate, both the lowest in the metro.



Industrial space in Longmont is slightly more expensive than the Denver Metro average, and Longmont has the least rentable square footage in the metro area but vacancy is high. Interviews indicate that much of this high vacancy is in flex industrial, particularly a few large properties, and while this space is abundant in Longmont, general industrial properties, particularly with high docking bays and other specific features, are in short supply.

In 2013, the average lease rate for all industrial space in Longmont was \$7.42 per square foot, above the Denver Metro average of \$6.05 but below Boulder and Aurora. As with office space, Longmont does not have a significant amount of rentable industrial space available relative to other Denver Metro communities. Longmont has six million square feet of rentable industrial space, the lowest among Denver Metro communities, but the 2013 vacancy rate was 18.7%, more than triple the Denver Metro average of 5.2%.

These trends reflect the stories heard during interviews and focus groups and indicate that to become more competitive for certain types of projects, Longmont needs to increase its inventory of modern Class A office space and industrial properties. Longmont's other competitive advantages make it a highly desirable location for specific types of technological manufacturing operations, but limited availability and zoning for related general industrial properties will force many businesses to look elsewhere for locations.

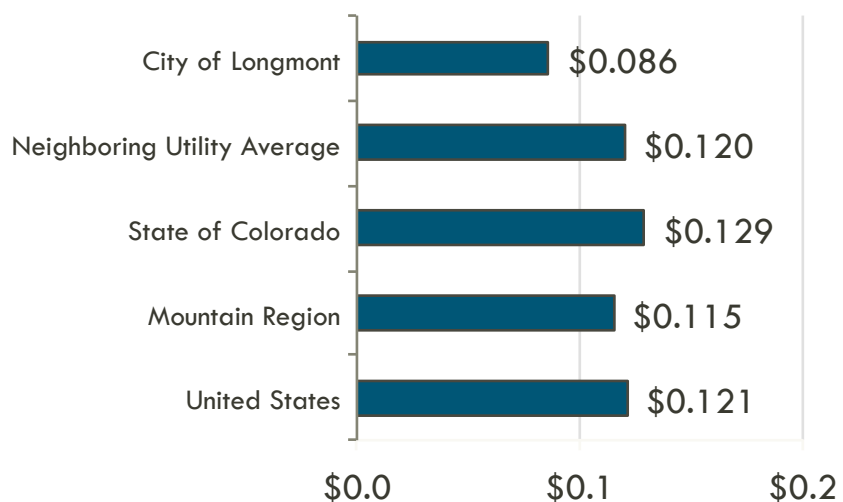


Along with real estate costs, utility rates and availability have a significant impact on the operating costs of businesses. Reliable and affordable utilities are critical for a range of manufacturing, data processing, and other technology operations. Even larger professional services firms may make location decisions based on competitive electric rates.

With a publically owned utility, Longmont offers some of the lowest electric rates in the region and country. According to providers and the US Energy Information Administration, in 2013 Longmont Power and Communications offered lower rates for both residential and industrial electricity. Longmont's average blended electric rate for residential was 8.6 cents per kWh in 2013, well below the state average of 12.9 cents and regional average of 11.5 cents. Similarly, industrial average electric rate was 6.3 cents per kWh in Longmont, compared to 8.1 cents in the State of Colorado and 6.6 cents in the Mountain Region.

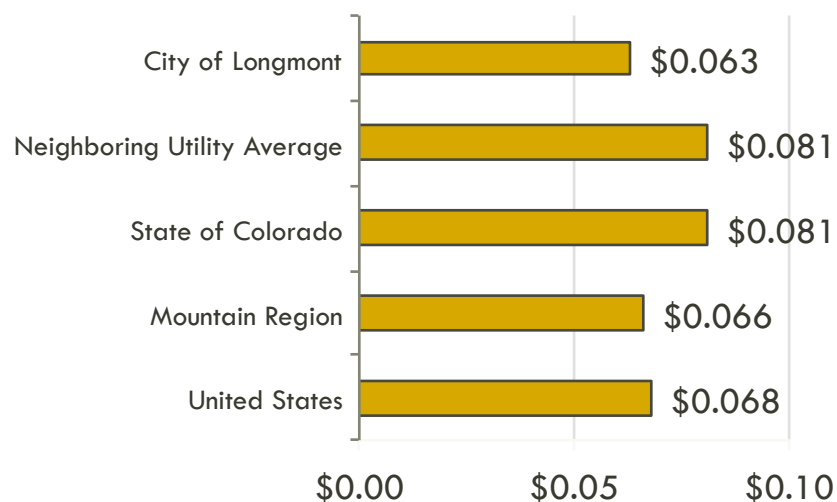
Last November, Longmont voters also approved expansion of the city's fiber optic broadband network, one of the few high-speed networks in the country and highly affordable due to public ownership. This asset makes Longmont one of the most competitive locations for high-tech and data-centered businesses on internet speeds alone. This reaffirms the city's dedication to being at the forefront of technological innovation.

RESIDENTIAL AVERAGE BLENDED ELECTRIC RATE
(\$ PER KWH)
2013



SOURCE: Longmont Power & Com., US Energy Information Administration

INDUSTRIAL AVERAGE ELECTRIC RATE
(\$ PER KWH)
2013

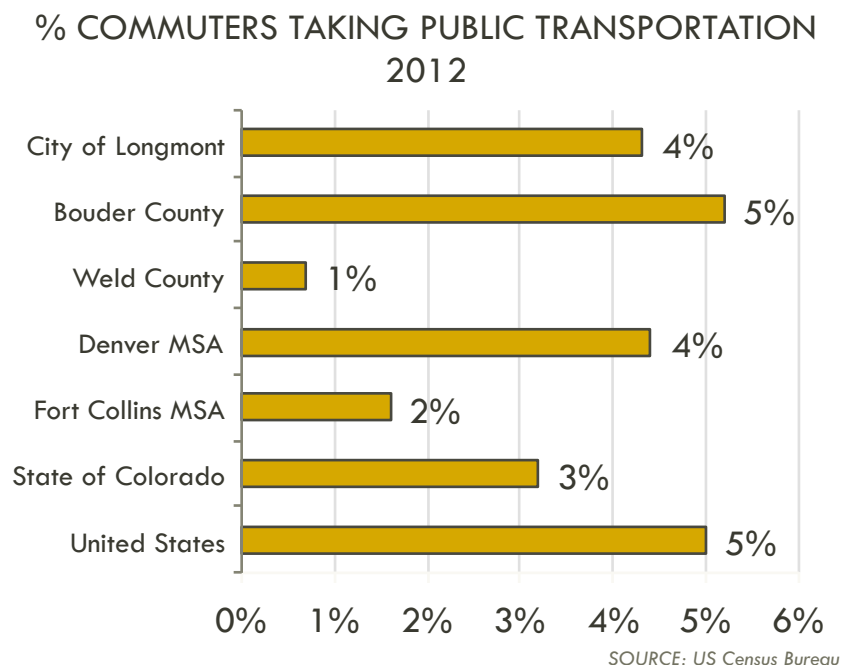
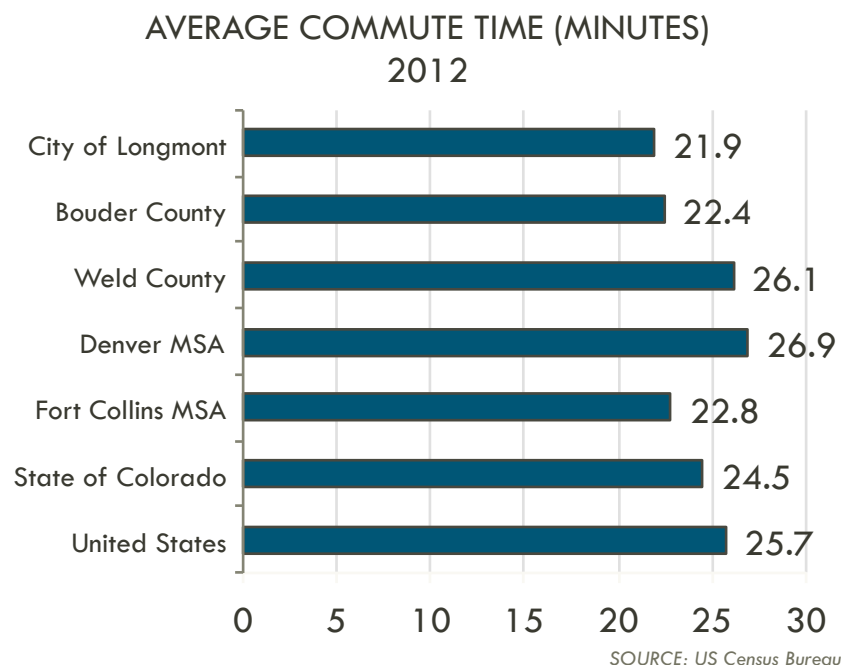


SOURCE: Longmont Power & Com., US Energy Information Administration

Easy access to regional and interstate highways are critical for many manufacturing operations that rely on import of raw materials and components and export of finished products to clients. Professional business travelers and residents seek reliable availability of reliable air travel to multiple national and international destinations. Daily commuters are often more affected by local traffic congestion adding to commute times and the reliability of public transportation options.

Longmont has competitive transportation access for businesses and residents, with the shortest commutes among benchmarked regions, access to the interstate highway system, and proximity to Denver International Airport, one of the largest airports in the country. In 2012, the average commute time for Longmont residents was 21.9 minutes, below the national, state and county averages. In addition to spending less time in traffic, 4% of Longmont residents take public transportation to work, which is below national and Boulder County averages, but the same as the Denver MSA and above state averages. Longmont is not directly on the interstate, but in interviews with local businesses, none expressed concerns about highway access.

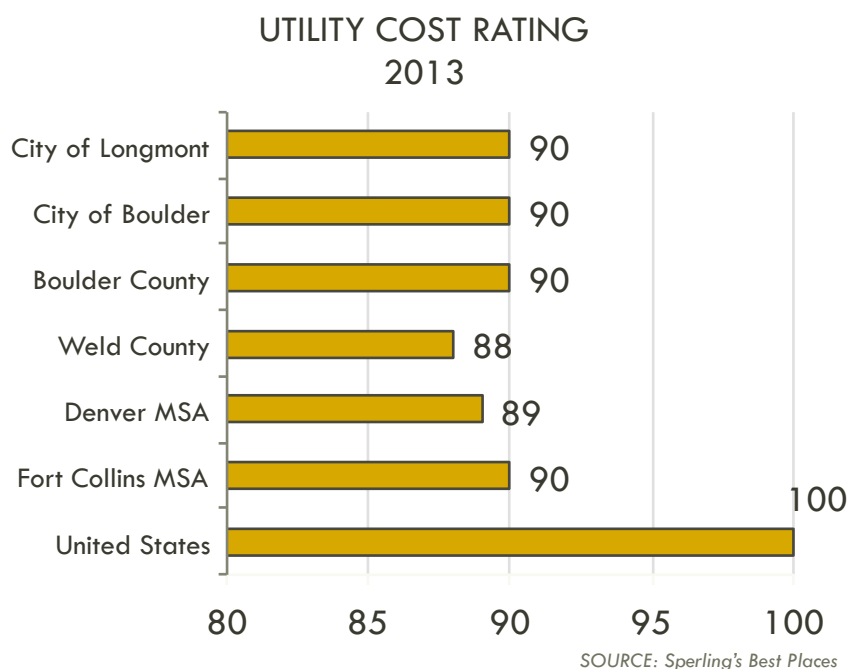
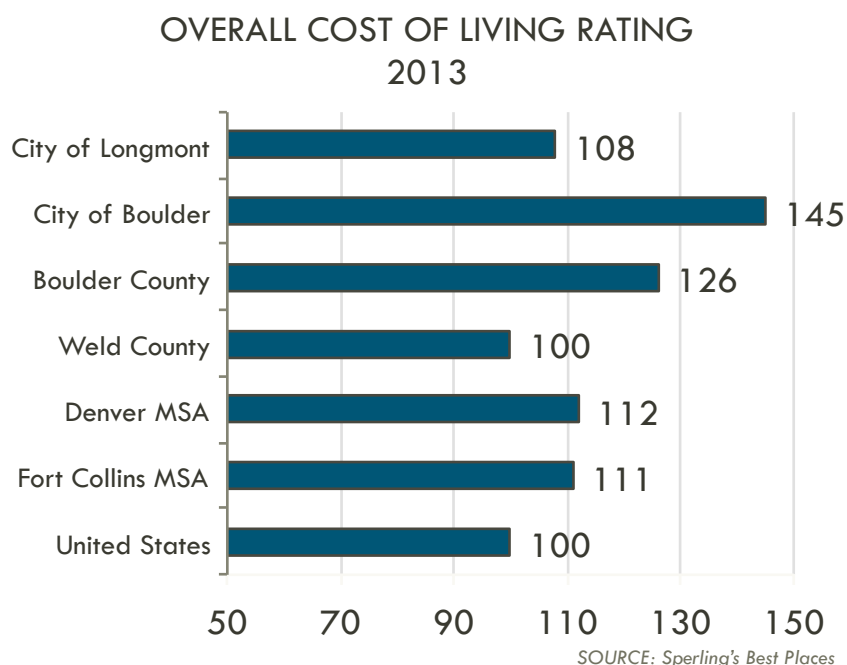
In addition to Denver International Airport, Longmont has Vance Brand Municipal Airport, which is in the process of improving its infrastructure. Traditionally a small, general aviation airport, Longmont Airport recently brought in a new Fixed-Based Operator (FBO), Chippewa Aerospace's Elite Aviation, as a tenant to modify regional jets, has plans for a new terminal, and is looking at a possible runway expansion.



Quality of Life

Quality of life means different things to different people. Younger demographics may seek an active nightlife, families may seek strong schools, and retirees may seek out affordability and recreational opportunities. In our highly mobile society, individuals will often make decisions on where to live based on a combination of job availability, desired lifestyle, affordability, and family. It is important for a community to understand its quality of life assets and unique characteristics, as these play a significant role in the ability to retain talent and attract visitors. Quality of life also plays a crucial role in telling the story of a community, whether it is focused on urban density, rural recreation, or suburban living.

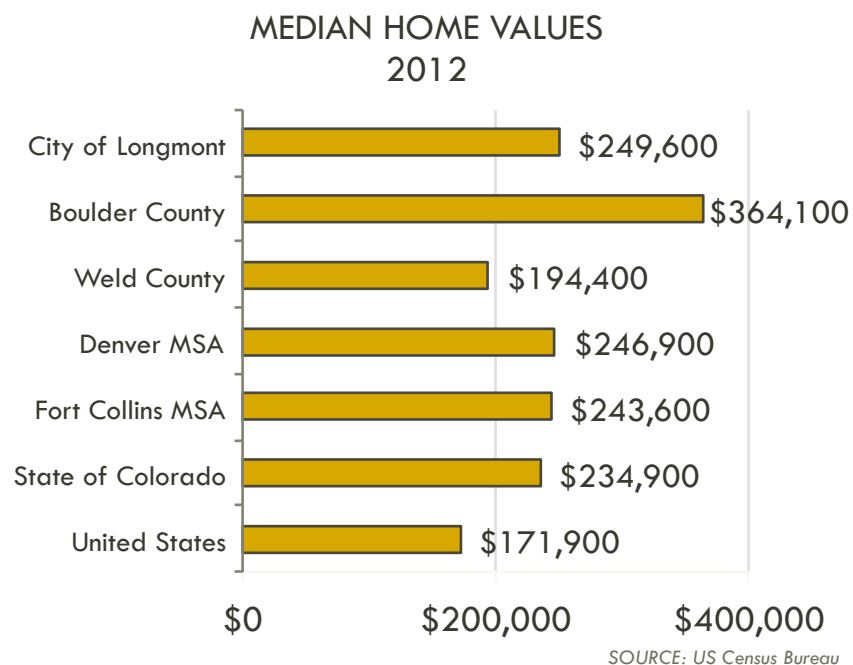
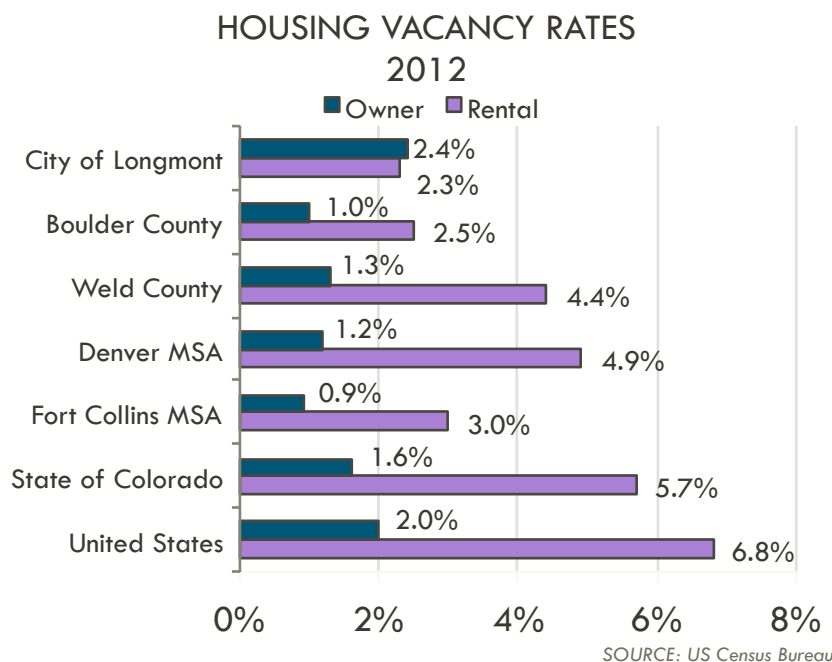
Longmont is uniquely positioned as one of the most affordable locations in the region, with low overall cost of living and utility costs. According to Sperling's Best Places, a standard guide for comparing expenses between regions, in 2013, Longmont had an overall cost of living rating of 108. This is above Weld County and the national average base of 100, but significantly below the City of Boulder, Boulder County, and the Denver MSA. On a similar note, the Front Range has utility costs well below the national average, with a rating of 90 in Longmont, compared to 100 nationally.



Housing availability and affordability plays a significant role in measuring a community's quality of life. If younger, lower-income, and renting residents are priced out of a community it affects the makeup of the local workforce. A high proportion of home ownership versus renting signals a strong family-orientation in a community. Vacancy rates reveal the availability of housing and reflect the overall health of the economy. High vacancies can indicate that the community is losing population or that housing is overbuilt.

Housing vacancy in Longmont is evenly balanced between owned and rental properties, revealing a strong market for potential residents, but home and rental prices in Longmont are both higher than national and state averages. In 2012, Longmont had one of the most balanced housing mixes in the Front Range, with 42% of properties renter-occupied, compared to a national and state average of 36%. Of vacant housing, Longmont had relatively even rates for owned properties and rentals, offering a mix of options for individuals considering moving to the city. As compared to other areas that have significantly higher vacancies among rentals and lower among owned properties, this shows that Longmont is not overbuilt or in a housing bubble.

Median home values in Longmont are still well above the national average, but comparable to the State of Colorado and below Boulder County. Boulder County has one of the more expensive housing markets in the country, with median home values of \$364,100 in 2012, compared to \$171,900 nationally. Longmont is one of the most affordable locations in the county, with median home values of \$249,600, only slightly higher than the state median of \$234,900.

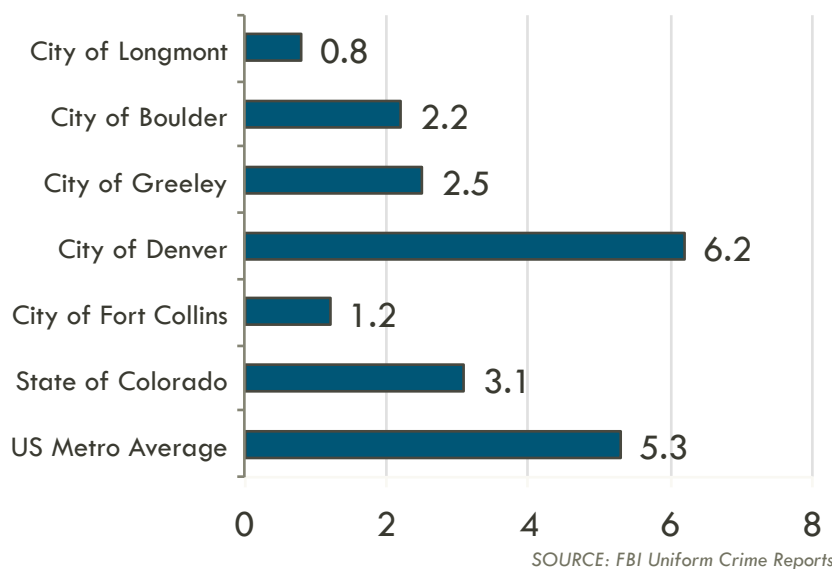


ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

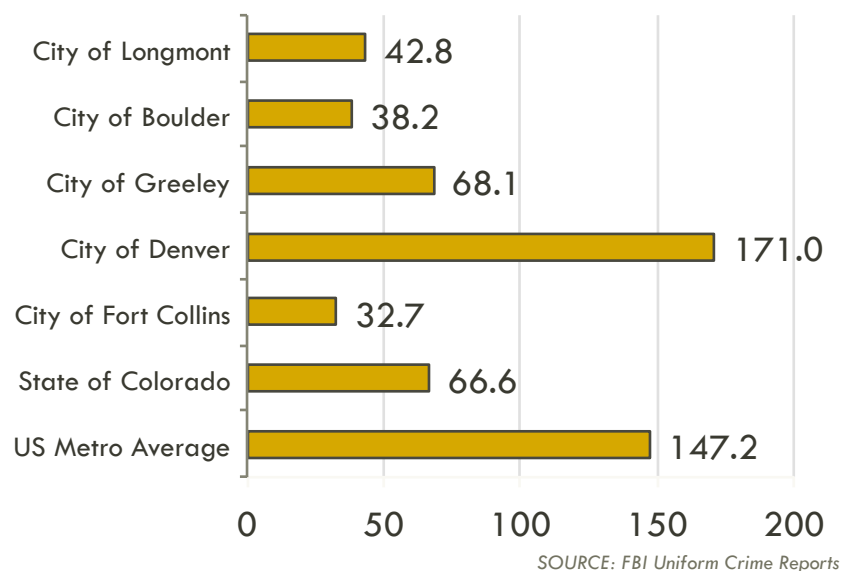
Crime rates can easily affect the desirability of a community, both from a business and residential perspective. High violent crime rates in particular can deter families from living in a community and make it challenging for businesses to recruit workers, who may feel the work conditions are unsafe. Additionally, high crime rates affect the overall perception of a community and allow the news cycle to tell the local story.

Longmont has some of the lowest violent crime rates in the Front Range and is a very safe, family-friendly community. From 2007 to 2012, Longmont had an average of 0.8 homicides per 100,000 each year, well below the national average of 5.3 and state average of 3.1. Comparably, Boulder and Greeley had 2.2 and 2.5 respectively. During the same period, only 42.8 robberies occurred each year on average in Longmont, less than one third of the national average and below the state average.

AVG. ANNUAL HOMICIDES PER 100,000 RESIDENTS
2007 - 2012



AVG. ANNUAL ROBBERIES PER 100,000 RESIDENTS
2007 - 2012



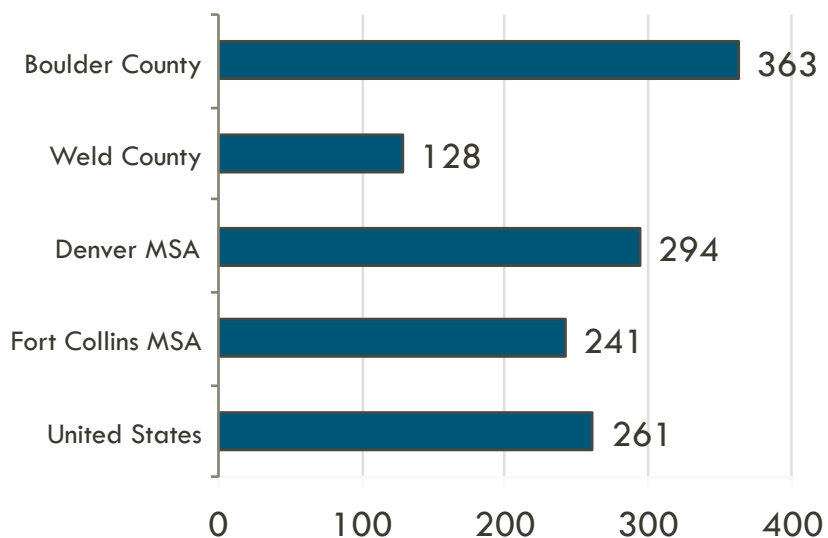
ADVANCE LONGMONT – REPORT 1: MARKET ASSESSMENT

The quality of local healthcare and education are important factors in a community's lifestyle. Poorly performing schools and long distances from hospitals can eliminate a community from consideration as a location in which to live and do business.

Longmont has a world-class hospital, high concentration of doctors, and an award-winning school district, all making it a top quality location to raise a family. According to Sperling's Best Places, Boulder County has 363 doctors per 100,000 residents, much higher than the national average of 261. Longmont is served by Longmont United Hospital, recognized in 2013 by the National Research Corporation as the Consumer Choice #1 in the Boulder market.

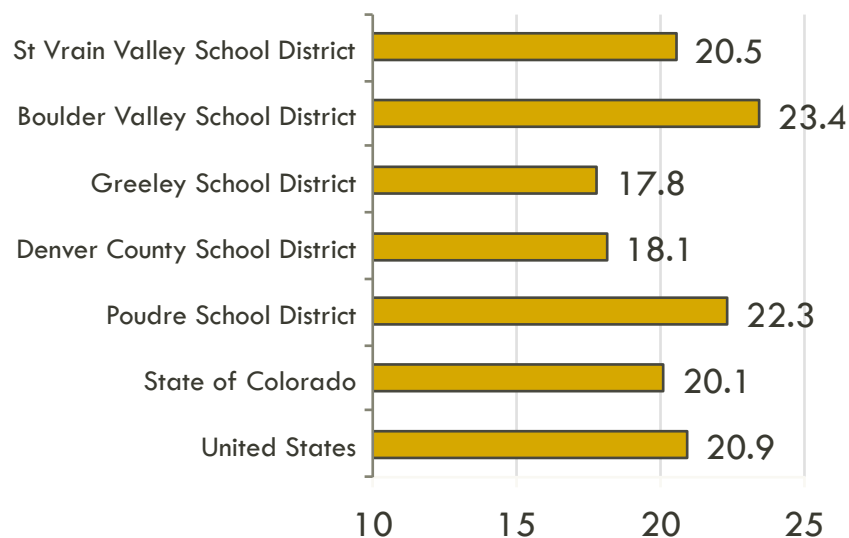
St. Vrain Valley School District, Longmont's local school system, has improved remarkably in recent years under the leadership of Don Haddad, who won the National Association of School Superintendents' "Superintendent of the Year" award in 2013. The school district has won numerous awards and grants in recent years, including America's Best High Schools and the Race to the Top Federal Grant and i3 – Invest in Innovation Grant, both of which will help fund programs to further educational innovation and student preparation. The St. Vrain Valley average composite ACT score of 20.5 was above Colorado, Denver, and Greeley averages.

PHYSICIANS PER 100,000 RESIDENTS
2013



SOURCE: Sperling's Best Places

COMPOSITE ACT SCORES
2013



SOURCE: Colorado Department of Education

Geographic location of a community determines a number of fundamental characteristics, including climate, natural features, and recreational opportunities available. Usually climate has more of an affect on desirability for residents but can also be a determining factor for some businesses. Data centers prefer colder, geologically stable locations for their operations, and many manufacturing and distribution operations avoid hurricane and tornado prone areas. Recreational amenities enhance the perceived quality of life in a community and help attract talented workers looking for an active lifestyle.

Longmont is a good location for those seeking an active lifestyle, moderate climate, clean air, and easy access to numerous recreational opportunities, craft food and drink, and other cultural experiences. Longmont received a Climate Comfort Index rating of 63, comparable to other locations across the Front Range and well above the US average. This reflects the relatively moderate climate and geological stability. The city also received an Air Quality Index rating of 75, above other locations on the Front Range and reflective of the generally clean air conditions.

Alongside its own natural beauty at the base of the mountains, Longmont is close to numerous locations for skiing, hiking, and other outdoor activities. The city is home to one of two sky diving drop zones in the State of Colorado. The city has a museum and offers public facilities for swimming, ice skating, and shooting. The region is also home to professional teams in all four major sports as well as soccer, racing, lacrosse, and college sports.

